

Foreign Affairs Committee

Oral evidence: [Implications of leaving the EU for the UK's role in the world, HC 431](#)

Tuesday 13 September 2016

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Members present: Crispin Blunt (Chair); Mr John Baron; Ann Clwyd; Mike Gapes; Mr Mark Hendrick; Mr Adam Holloway; Daniel Kawczynski; Andrew Rosindell; Nadhim Zahawi.

Questions 146-275

Examination of witnesses

Witness: Rt Hon. David Davis MP, Secretary of State for Exiting the European Union, Department for Exiting the European Union.

Chair: Welcome to this afternoon session of the Foreign Affairs Committee of the House of Commons on our ongoing inquiry into the Brexit process. Secretary of State, you are very welcome. I note that this is your second gig in two days and that you told the House of Lords European Scrutiny Committee yesterday that appearing in front of them was a particular pleasure.

Mr Davis: Which I hope to repeat today.

Q146 **Chair:** Is that why you chose to schedule a meeting at that end of the building first?

Mr Davis: I did not even do the scheduling, Mr Chairman. That is between your Clerks and my office.

Q147 **Chair:** I do not imagine the scheduling of the House of Lords Committee was with our Clerks.

Mr Davis: Your scheduling was with your Clerks and their scheduling was with theirs.

Q148 **Chair:** Presumably you made some of kind of decision to go there first. That is a gentle hook to lead into my next question, which is to examine your assessment of the legal and parliamentary implications of the Brexit process. Can you confirm that there will have to be an Act or Acts of Parliament in order to leave the European Union?

Mr Davis: There has to be some legislation; there is no doubt about that. There are various stages. First, there will have to be some legislation to



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deal with the European Communities Act 1972 and all the consequential legislation that follows it. There may also have to be parliamentary ratification under the relevant 2010 legislation—the so-called CRAG legislation. That is the absolute minimum that I can see.

Q149 **Chair:** So, crudely, we cannot leave the European Union if that legislation is not in place.

Mr Davis: Well, we can leave, but the current legislation puts in place directives and various other pieces of law that would still have effect if we did not eradicate them. So whilst we would have taken a treaty change to remove ourselves, we would in that circumstance still be reporting back to the European Court in some respects.

Q150 **Chair:** What I am seeking to establish is that there are Acts of Parliament either to be put in place or to be repealed as part of the exit process. We cannot leave without them.

Mr Davis: That is correct.

Q151 **Chair:** Therefore, in handling this—perhaps this goes to why you started at the other end of the building rather than here—my assessment is that there is a majority in the House of Commons to support the Prime Minister in “Brexit means Brexit”. Despite the fact that a number of Conservatives campaigned to remain in the European Union, they have accepted the decision of the electorate and will now support the Government in the process of leaving. However, my assessment is that you cannot be as confident that that is the position down the end of the building, in the House of Lords. Would you agree with that?

Mr Davis: The first thing is that you are wrong about the calculation: there was no calculation about who we saw first. Secondly, I have not actually made an assessment of the balance of power, the balance of interest or the balance of voting in each House. It is a little early to do that. For a start, I would think that any legislative change would be based, at least in part, on where the negotiation had got to by then and on whether the various individual Members of each House approved of what we had done. So I do not know where we will be. My hope and intention is that we will have a majority in both Houses.

Q152 **Chair:** I gently suggest that the Government can be reasonably confident of a majority at this end of the building in order to carry out the decision of the British people in the referendum, but that the attitude of the House of Lords is a rather more open question. The Government have a significant minority in the House of Lords and there are a number of Conservatives, Lady Wheatcroft among them, who appear very determined to try to obstruct the country’s route to Brexit. If they are going to obstruct the Acts of Parliament required to enable Brexit, something will have to be overcome by the House of Commons using the Parliament Act. I suggest that it is quite a sensible idea for the legislative process to be commenced in sufficient time for it to be on the statute book, having overcome opposition in the House of Lords with the use of the Parliament Act, so that we can leave the European Union by the early



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part of 2019.

Mr Davis: Again, I challenge the basis on which you make your argument. The simple truth is that the Government are carrying out the biggest mandate that has ever been given to a Government by the British people. It comes from the largest number of people—nearly 17.5 million—with a majority of over 1.25 million. Had it been a general election between two parties called leave and remain, the majority for leave would be bigger than the majority Mr Blair had in 1997. It is a very, very clear mandate. The House of Lords would be quite unwise not to take that mandate seriously. They would be taking a perfectly reasonable position in challenging some of the elements of whatever negotiation there turns out to be at the end of this, but I would be very surprised if they were unwise enough to go down the route of just blocking it, full stop.

Q153 **Chair:** It has already been the view of this Committee that the Government were guilty of gross negligence in not preparing for the possibility that the country might actually vote for Brexit. It might also be our view that it would amount to gross negligence if you proceeded on the assumption that all was going to be hunky-dory down the other end of the building and that you were going to get your legislation in good order because the House of Lords was minded to obey the instruction of the British people and was going to behave, in your judgment, wisely. Would it not be rather more prudent to make sure that your legislation was in place in sufficient time to actually allow us to leave the European Union—

Mr Davis: That would certainly be true.

Chair: On a date of the Government's choosing, or indeed at the conclusion of the negotiations two years after we give notice under article 50.

Mr Davis: If I may say so, Mr Chairman, you are jumping to the conclusion of a Committee report about a decision I have yet to take. That is not just getting me ahead of myself; I suspect it is getting the Committee ahead of itself. I am clearly intending to get us to the position of leaving the Union within the normal article 50 timetable, and I will make the legislative arrangements that are necessary to get there. That is the simple fact of the matter. I will not, I am afraid, hypothesise with this Committee or any other about how either House will vote. That is for the Whips and the usual channels to do, and of course I will make decisions based on their advice, but I will certainly not be airing such decisions in public, any more than I would air some of our negotiations in public in a way that jeopardised them. It is the same problem and I will behave in the same way.

Q154 **Chair:** Turning to that matter, I am grateful for your reply this morning to my letter to the Attorney General on legal issues regarding the United Kingdom's exit from the EU. I wrote to Jeremy Wright on 29 June 2016 and invited him to reply by Wednesday 13 July. I am delighted that we finally got a reply on 13 September.



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Mr Davis: Albeit from me.

Q155 **Chair:** Albeit from you. Still, you are speaking on behalf of the Government, so I am very grateful. What I am slightly less satisfied by is the terms of your answers. I want to explore why you are unable to give answers to some rather basic questions. The first question I put to the Attorney General was: "Can all of the directly-applicable Regulations that currently apply to the UK be transposed into UK law in a single Act of Parliament, should Parliament wish to retain them?"

That struck me as a rather straightforward question. Your reply said: "You will appreciate that the questions raised in your letter touch on issues which are currently the subject of legal proceedings to which the Government is party. There are areas raised by them which it would therefore not be appropriate for me to comment on." Do, please, explain how a simple, technical question about whether it is possible to use a single Act of Parliament impinges on an action being taken against the Government about the operation of article 50.

Mr Davis: Exactly. I can talk to you about the issues relating to the Act of Parliament. Let me do that here and now. There are a number of ways you could put in effect such an Act of Parliament. One of them is to have a portmanteau Act that puts everything in place at once. It would be huge, and—to come back to your position earlier about timing on this—it would have to wait until very late on in the process, because we would need to know what we were doing with each component of the exit from the Union.

Even were it a really simple exit with almost no amendments to it—were we, say, setting out in order to do all the changes later on—it would still be very complicated. Let me pick a trivial example. When local government does purchasing decisions, under European law, they have to put the bid into the *European Journal*. Clearly, that would not be simple. So we could deal with all those tiny things either directly or with spectacular Henry VIII clauses in lots and lots of SIs. That is one aspect of it.

The other way to do it is very simply, but it still leaves you exposed to all those problems. Then you can do it rather earlier and have a whole series of successive bits of legislation. So there is a problem—you see the problem.

Q156 **Chair:** I am not entirely sure that I do. First of all, my question was about the question you were posed in my letter to the Attorney General. The reason you gave for not answering the question was that it impinged on the legal action. I do not understand that connection.

Mr Davis: From memory—I do not have the letter in front of me—there was a reference to article 50 in it, wasn't there?

Q157 **Chair:** No, there is no reference to article 50. The question posed was: "Can all of the directly-applicable Regulations that currently apply to the UK be transposed into UK law in a single Act of Parliament, should



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Parliament wish to retain them?" Your answer is this is "currently the subject of legal proceedings".

Mr Davis: In that case, that was an error, because I thought there was a reference to article 50 in it, too.

Q158 **Chair:** No, there is no reference to article 50 at all. I wonder if you could have another go at a letter to the Committee, answering that question.

Mr Davis: We can, of course, but we can also deal with the substantive issue right here. The nature of the legislation that you are likely to carry through—you can either have very simple legislation which meets your requirement of going early, which you raised earlier, with the sorts of logic—

Q159 **Chair:** I suppose the position I am putting is that my assumption, which I want to test, is that you have got all these directly applicable regulations that have not been put through by SI or anything else so are not in British law at the minute. We are going to leave the European Union. Do we try to make a judgment about whether we go through these 6,987 regulations that directly apply one by one and decide which we will keep and which we will leave when we leave, or will we put all of them into our law and then take our time to go through and decide which ones we do not want?

Mr Davis: The decision one has to take is whether one has a simple piece of legislation with a cascading set of SIs following on from it. You raised the issue of the House of Lords, which famously does not like Henry VIII clauses. It does not like things that create lots of statutory rights for Ministers rather than go through primary legislation. Or you could do it with a small piece of upfront legislation and then a mixture of primary and secondary, or you can do a huge portmanteau, which would have to be late, because you would need to know what the changes were before you started the legislation. You take my point? It is quite important—

Q160 **Chair:** Yes, I think what you have said in answer to question one is yes. I am grateful for an answer. Then there are options beyond that—

Mr Davis: Let us be clear, Chairman—I do not want you to take a misguidance from me. My answer to question one was yes—what was question one in this context?

Q161 **Chair:** Question one was: "Can all of the directly-applicable Regulations that currently apply to the UK be transposed into UK law in a single Act of Parliament"?

Mr Davis: Yes, they can.

Q162 **Chair:** I am grateful for that clarity. Perhaps we can have a bit of a go on the second question that I posed in the letter to you. I wonder whether it might be possible to put a copy of the exchange in front of the Secretary of State to ease it. For the benefit of the record, the second question I asked you was, "On what terms will the UK and the EU trade at the end of the two-year negotiating period mandated by Article 50 of the Lisbon



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Treaty, if...No deal has been agreed between the UK and EU on the terms of the UK's exit from the EU; and/or...No deal has been agreed on the terms of the future relationship between the UK and the EU?" What that posits is the rather obvious possibility that there is either a blocking minority among the 27, who decline to come to an agreement, or the European Parliament has a majority against whatever is negotiated between you and the 27. That strikes me as a rather obvious possibility.

The answer you gave to me and the Committee was, "Turning to trade, we are about to begin these negotiations and it would be wrong to set out further unilateral positions in advance. As the Prime Minister has said, the UK will strike a bespoke agreement that gets the best deal for people at home, and the right deal for Britain abroad." That is not in the gift of the Prime Minister, is it? It is going to have to be an agreement between us and our 27 partners, endorsed by a majority of the European Parliament, so the Prime Minister can't make that statement.

Mr Davis: No, those are the Prime Minister's aims.

Q163 **Chair:** Those are her aims, yes, but the fact is that she can't guarantee it; neither can you.

Mr Davis: No, nobody can guarantee the outcome of the negotiations beforehand.

Q164 **Chair:** Therefore, the bottom line in the process you are about to embark on is that there is no agreement.

Mr Davis: That is one possible outcome.

Q165 **Chair:** That is a possible outcome.

Mr Davis: I wouldn't use the phrase "bottom line".

Q166 **Chair:** But all I've done is to ask you—well, I asked the Attorney General and you were kind enough to send me a letter—

Mr Davis: Perhaps unwisely.

Q167 **Chair:** Which hasn't, in my judgment, entirely addressed the question. I think it is a rather simple, straightforward question, and there is a very important reason why you should answer it as soon as you are in a position to do so. It is a technical question: what happens if there is no agreement? That then addresses a vast amount of the uncertainty that is out there—in the memorandum from the Japanese, for example. People are looking for certainty about what happens. If the position for what happens if there is no agreement in the negotiations is clear, you address a vast amount of the uncertainty that is out there in individual companies and the rest, and they can then watch the negotiations and make their commercial judgments according to how they perceive them to be going, given whatever guidance you are going to be able to give. They will at least know how bad it can get from their position if there is no deal—or how good it can get; it might be an opportunity for them. Simply explaining what the technical position is going to be in our terms of trade into the single market in those circumstances strikes me as answerable



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and necessary to answer.

Mr Davis: It depends what you are after. If you are after a factual statement of what the outcome could be, it is what is normally known in the world at large as World Trade Organisation rules. That is, I guess, the conclusion if we were outside the Union with no deal. But I would not want anybody to think that that is, in my view, a likely outcome.

Q168 **Chair:** I am not asking whether it is a likely outcome. I am not inviting you to put a probability on it. I am inviting us to get to an agreed understanding that World Trade Organisation rules on most favoured nation status would govern the sales of UK services and goods into the single market, and, indeed, the reverse.

Mr Davis: That is a matter of commonly held fact.

Q169 **Chair:** That is all I was seeking to get confirmation of. There are people who have suggested that there are complications with the World Trade Organisation rules and the position. If you are telling this Committee that that is a matter of commonly held fact, and it is a fact, that gives everybody a bottom line from which to work. All the interested parties, of which, as you know, there is a very large number, can then begin to go—

Mr Davis: Except—and this is one of the problems—we are dealing with a negotiation that, as I said yesterday, is extremely complicated. The World Trade Organisation rules essentially apply just to tariffs, and not to the non-tariff barriers which are one of the primary issues. So it is a simple answer to you, but it does not encompass everything.

Q170 **Chair:** Of course there is a complexity about how the non-tariff barriers are operated and the rest, but I think that there is a very great need for much clarification of what can reasonably be clarified—the obvious bands in which a negotiation could take place. Obviously, one of the bands is no agreement. For that to be clearly established and put out there, you have gone a very great deal further in answers to me than you did in the letter, which you probably signed off in some haste this morning, when you realised it was outstanding—

Mr Davis: It was not really outstanding for me; it was outstanding for the Attorney General—

Q171 **Chair:** I realise—someone probably turned up saying, “The Attorney General hasn’t done this, do you mind?” I appreciate that and—

Mr Davis: No good deed ever goes unpunished.

Q172 **Chair:** I am very grateful for the detail you have now given. I have just one further question for you before moving on to Mr Zahawi. Who will you be negotiating with?

Mr Davis: It will vary by state. To give you an example, first off, the Commission has appointed Mr Michel Barnier. The Council has appointed Didier Seeuws. The Parliament has appointed Mr Verhofstadt—though not quite sure what their locus in this is—and of course on a national level we are talking to a whole series of people. For example, last week I went to



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Dublin and I spoke to Mr Flanagan, the Foreign Secretary. I also spoke to the Justice Secretary, because—

Q173 **Chair:** I understand that informal discussions will obviously go on around this. My question, in a sense: who are you formally negotiating with?

Mr Davis: Formal negotiations are with the Council. That is what article 50 says—and via the Commission, but the decision will be by the Council.

Q174 **Chair:** There appears to be some dispute between the Commission and the Council about—

Mr Davis: Yes, but that is between them. It is not for me to resolve, if you will forgive me, Chair.

Chair: We may come back to the involvement of the European Parliament later in questions.

Q175 **Nadhim Zahawi:** Secretary of State, I just want a little more clarity on question 1 in the letter, where you say that it is possible to have a small piece of legislation in which we adopt all 6,800 EU pieces of legislation. I thought you then went on to say that that would be problematic. You gave the example of local authorities having to publish all their tenders in the European journal. Therefore, it would not be workable—

Mr Davis: You have to deal with that with a series of follow-on legislation—mostly SIs, I guess. Something like that I think would go through an SI. It would not be confined to minor problems like that, because there would be substantive changes—changes in immigration law, and changes in a whole series of matters that currently flow from the European Union, some of which could be quite significant. So you have the problem there of it generating a lot of secondary legislation, and possibly some primary legislation, too. It may not resolve the issue that your Chair raised earlier when he said, “If you have a problem, and you haven’t got time to get it through, what happens?” That is why it is a difficult problem.

Q176 **Nadhim Zahawi:** On the timetable, of course I completely understand that you cannot give any Committee a running commentary on negotiations, or on positions that the Government will take, but can you at least say when you expect the Government to agree a clear set of objectives for Brexit negotiations? In other words, do you have a target for when you want—

Mr Davis: That is one, probably the primary, reason why the Prime Minister has said that we are not going to trigger article 50 until sometime in the new year, effectively—after the end of this year. We are going through that process, as it now stands. I can talk you through the process if you want to hear it, of assessing negotiating aims, the negotiating tactics, the legalities—the very things that we have just been talking about, the legalities of article 50, or the end-game legalities—and all those things that really have to be fairly clear before you start. We will arrive at that sometime in the new year, I think.

Q177 **Nadhim Zahawi:** So you will have all your objectives in place some time



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in the new year—by January or February?

Mr Davis: I am not going to give a yes or no, with the best will in the world. I have said before that I would rather go a month late and get it right than go a month early and get it wrong. That is a slightly flip phrase, but it characterises exactly how I think about it.

Q178 **Nadhim Zahawi:** But early in the new year would be your target.

Mr Davis: I am not going to be drawn. The Prime Minister has made one very public comment, and another commitment that was implicit in what she said. One, it is not going to be this year. Two, she knows that the British people expect us to be expeditious about it.

Q179 **Nadhim Zahawi:** And after reaching that negotiating position, when will the Government set out those objectives? Or will you not set them out at all?

Mr Davis: I think we will set out some objectives, certainly. The level of detail of the aim is another matter, but the overall aim will be set out fairly clearly. Apart from anything else, Parliament quite rightly has an interest in it. As I said yesterday to the Lords Committee, we will meet that as far as we can, without jeopardising the overall aim—to get the best possible deal—or the negotiating strategy.

When we write to the European Council—to Mr Tusk—under article 50, we will write a letter. I assume that letter will include a statement of what we are trying to achieve.

Q180 **Nadhim Zahawi:** So will that be early in the new year as well?

Mr Davis: As I said, I am not going to be drawn on “early” or anything else, but it is not going to be this year.

Q181 **Nadhim Zahawi:** Last week, you said that your Department would hold round tables with key stakeholders in a series of sectors, and you also mentioned that yesterday to the Lords EU Committee. Can you explain in more detail how the process will actually work? Will you publish open calls for evidence or contributions from stakeholders, or will you and other Departments select those whom you wish to hear from?

Mr Davis: It is a bit of both. Some of it is self-selecting, because frankly anybody who is concerned about their own industry will want to have round tables. For example, last week Shriti Vadera’s group from the City had a round table chaired by the Chancellor, and this week I have a retail one.

We also have a whole series of bilaterals. I saw the NFU just before I came over here. I said in the House that I saw the TUC—the first people I saw were the TUC and its secretary-general. We see fishermen’s organisations, you name it. There is a whole series. It is a mixture of our being systematic about where we think there is an issue and people who are concerned coming forward.

Q182 **Nadhim Zahawi:** And that is how you are ensuring that it is wide-ranging



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and representative.

Mr Davis: Yes, and I have left out a whole section. Let us put the devolved Administrations to one side for a second, because they have a separate set of almost parallel operations going on. Virtually every single Department of State is also being asked and was tasked at the beginning of the summer, as the first thing I did, with coming back with their primary concerns and—I hate this phrase—their own client group responses. That is happening too. I cannot think of any other way of making this a more exhaustive and comprehensive process.

Q183 **Nadhim Zahawi:** Has every Department set aside resources for this?

Mr Davis: Yes. Indeed, more of the resource is in the Departments than with us, really. As I said yesterday, subject to some priapic humour, my Department is quite small, but it has grown rapidly. It has about quadrupled in the last month, but it is still only about 200 people, not including UKRep and so on. Our strategy is to have a small number of very high-calibre civil servants from each of the main Departments, not to try to replicate the entire policy wing of, say, the Home Office. That makes it work better, frankly. It is more effective: we are not duplicating, it does not create turf wars and it is a better way of doing things. That is how it works.

Q184 **Nadhim Zahawi:** How will it work when you start negotiations—that communication channel?

Mr Davis: You are leaving out a step. The step between now and the start of the negotiation will involve a degree of assessment and quantification of the size of the problem. Let me give you an example. Somebody has said that non-tariff barriers, which I mentioned to the Chairman earlier, are bigger than tariff barriers, and they have cited various ways—how it affects just-in-time and so on. We will do the quantification of that, so that before we get to the start of negotiations we will have an idea of what is big, what is small, what matters and what does not. We will not necessarily publish all that, because that is a gift to the other side, but—

Q185 **Nadhim Zahawi:** But you will have that in the new year?

Mr Davis: We will know it. We will know it by the new year, I am sure.

Q186 **Mr Baron:** These could be complex negotiations, and obviously one does not want to compromise your position as we start the process. Many of us believe that if access to single market cannot be gained on terms that are reasonable to both sides, certainly for those goods that are subject to tariffs, we should not be afraid to fall back on WTO rules and tariffs. Is there any reason why we should not be doing that? Does that hold any fear for you, as we enter these negotiations?

Mr Davis: I am not going to commit to any particular strategy at this point, for obvious reasons. First, let me offer a philosophical approach to negotiation. I think it is a very bad idea to go into negotiation fearing any of the outcomes, because that weakens you in one respect or another. It is one of the areas that we will assess. I was just speaking to Mr Zahawi



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about the calculations that will go on. We will assess not just the costs of a given stratagem, but also what the policies are that go with it. People might say, "It is going to cost this, or cost that." They have not necessarily taken on board what we might do to mitigate the costs. I see nothing to fear in any outcome.

Q187 Mr Baron: On the subject of immigration, certainly the early suggestions are linking immigration or free movement with trade negotiations. For many of those who voted out, one of the key reasons was that we had an immigration system that was actually discriminatory. It discriminated against the rest of the world outside the EU, and what was wanted was fairness. Whatever the criteria are that will guide the policy going forward, it has to be fair, so that there is no discrimination. Is that the sense of the position within Government, as you see it from where you are sitting?

Mr Davis: My job is to get the powers back, to respect the judgment of the British people in the referendum—which I tend to think of as a triptych of control of laws, control of borders, control of money—and to respect that as much as we can in the negotiation, as we will. But when we get it back, it is for the Home Office to make the decision on how they are going to use that power. So while I have some sympathy with your description of it, it is not actually going to be me that makes the decision—it will be a Cabinet decision—on how we actually decide on the final policy.

Q188 Mr Baron: The subtlety of that position, of course, is that if you adhere to the principle of fairness, whatever the criteria used—it could be an Australian points system or some other criteria, but if you essentially adhere to the principle that there will be no discrimination—you effectively divorce immigration and free movement from the trade negotiations, because you can offer nothing special to the EU as such.

Mr Davis: You need to explain that to me again. I did not quite follow the last part.

Q189 Mr Baron: The subtlety of the principle of fairness is not only that it is right—that is your starting point—in that you will not discriminate against one region of the world for another, but that in pursuing the principle of fairness you actually divorce, in effect, immigration/free movement of labour from the trade negotiations.

Mr Davis: I did actually understand it the first time—

Mr Baron: I am giving you time to think about the answer, Secretary of State.

Mr Davis: I thought you were trying to draw me in to a negotiating gambit via the policy, and for obvious reasons I am not going to be drawn.

Q190 Mr Baron: Can you not say anything though? Can I just press you on this? You say not; it is a key plank of the campaign. Immigration is important to a lot of people.



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Mr Davis: The Prime Minister has made it very plain that the current system cannot be allowed to stand. She said we are not going to have free movement as it now is, and she has talked about control of the borders. So I do not think there is any doubt about the priority we have put on this, and I do not think our European partners would have any doubt themselves about the priority we put on it. Some of them have commented publicly in disagreement with that. For example, I think the Irish Taoiseach commented at Bratislava, possibly—certainly over the weekend—disagreeing with us, but it is plain that we have got a high priority.

Mike Gapes: You have mentioned that you had a meeting with the TUC, which is of course very welcome. It is unusual for the Government in recent years to have such early meetings between Ministers and the TUC.

Mr Davis: I do have form in that area.

Q191 **Mike Gapes:** And that is very welcome; perhaps you will then be able to answer the next question. You have previously said that workers shouldn't lose their rights as a result of Brexit. Is that your personal view, or is that the position of the Government?

Mr Davis: It is my personal view, but I have no reason to believe that I have been disagreed with.

Q192 **Mike Gapes:** So there has been no discussion within Government yet about whether, as a consequence of us leaving the EU, there will be an erosion of workers' rights?

Mr Davis: Not on that explicit issue. What I have said to other members of the Committee is that we are not going to get drawn into the policy elements of this in detail, because it has implications. Let me put it another way: if you lay out red lines, what your negotiating opponent does is head straight for that red line and use it as a lever against you. I do not propose to elaborate on the comment, but the comment stands.

Q193 **Mike Gapes:** But it remains your personal position and not the position of the Government?

Mr Davis: Yes, it does.

Q194 **Mike Gapes:** Yesterday you told the Lords EU Select Committee that you are going to ask businesses to give you a quantitative assessment of the impact of various scenarios on their sectors. How are you going to assess the validity of that data?

Mr Davis: You have elided two things. I think I was talking to Lord Green, and what I said was that we will carry out quantitative assessments and, yes, of course, some of the information will come from there, but it will be the same way you test any data given to you. You look at how it was calculated, you ask for the—

Q195 **Mike Gapes:** You will carry it out, or the businesses will carry it out?



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Mr Davis: We will carry out some of our own, yes; that's right. The example I cited earlier is people comparing the effect of tariffs and non-tariff barriers. How do you assess that? How big are the problems? Where are they?

Q196 **Mike Gapes:** You also said that your Department doesn't yet have the capacity to assess that data. When do you expect to have that capacity?

Mr Davis: The trite answer is "before we need it", but the sequence of events is a little like this: we are, at the moment, doing the round tables and the bilateral discussions; we will then be asking for data and submissions from them, which is already coming in some cases; we will then be doing the assessments. That is a little way away. The Department has doubled in one month, and I suspect it will double in size again, and that is about the point at which we will be looking for that information.

Q197 **Mike Gapes:** Will that be before or after article 50 is triggered?

Mr Davis: Before.

Q198 **Mike Gapes:** So we won't be able to trigger article 50 until you've actually got your Department at capacity to carry out the functions that you will need to do?

Mr Davis: To carry out those functions; that's right. That's self-evident, I would have thought.

Q199 **Mike Gapes:** Will you be drawing on the balance of competencies process and all of the documentation that was produced by Ministers before the referendum—that whole process that was gone through when William Hague was Foreign Secretary and David Lidington was Europe Minister?

Mr Davis: Most of this is a new process. I think what the Committee should understand is that it is a very big process. There is a lot of work going on. Pretty much every Department of State is involved in it. They will, of course, be doing a fair amount of contributory analysis themselves, and then we will be challenging it, really.

Q200 **Mike Gapes:** You had a clear reluctance to stating what your negotiating position will be and to giving detailed answers to us, today and yesterday. How long do you think you can sustain that position? Isn't the reality that that will become politically impossible domestically—not just internationally—and that it therefore might be better if the Prime Minister and her new team actually got a mandate from the British people before they triggered article 50—in other words, if there was an early general election before the triggering of article 50?

Mr Davis: I am tempted to say that that's above my pay grade, but it does rather put the rest of your questioning in context.

Mike Gapes: No, no—

Mr Davis: Yes, it does.

Mike Gapes: No, I'm sorry—



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Mr Davis: Yes, it does. I'm answering the questions.

Q201 **Mike Gapes:** My questions are different questions; they are the kinds of questions that people in this country want answers to, and your job is to answer them.

Mr Davis: No. My job in the first instance is to make decisions on behalf of the people. We've got a mandate like no other.

Mike Gapes: We live in a parliamentary democracy.

Mr Davis: We have got a mandate like no other. It is our job to deliver on that mandate, and our job to do it as best we can, which means carrying out a negotiation in an intelligent way, which means making the decisions on the basis of the data which you collect and analyse; then you make the decision on that basis—not the other way round. It may be your approach to say, "Because we're asking the question, you've got to tell us the answer before you've worked it out"; that seems to me an utterly daft idea.

Q202 **Mike Gapes:** So you haven't worked out any answers to any of these questions yet?

Mr Davis: We have worked out some answers, but not the ones to the questions you've asked. Frankly, we've got a major exercise under way. We're going to be looking at every single sector of British industry; every single Department of State has a workload under way on this. They will come to intelligent conclusions, and that will drive the empirical outcome to this process—not politically driven answers that allow you to say, "Should you have a general election?"

Chair: I think Mr Gapes's questions have established the Committee's conclusion about the level of negligence in not having this in place before the referendum, in terms of contingency planning.

Mike Gapes: Absolutely. Thank you, Chairman.

Chair: But that, of course, is absolutely not your responsibility, Secretary of State.

Q203 **Daniel Kawczynski:** Good to see you back in Government, Mr Davis. We are obviously very clear that there was accentuation of the fact that there was a lack of preparatory work for the possibilities, post-Brexit, by the previous Administration, and Mr Tusk and others have obviously clearly indicated that the ball is in our court for triggering this. Bearing in mind that we have up to two years for this renegotiation process, what are the delays in invoking article 50?

Mr Davis: Well, the primary delay is doing the necessary analysis. I don't want to get sucked too far into what happened before I arrived, but let me say this: it would have been quite difficult for any Government to do the level of analysis that we are undertaking now. I mean, it is enormous. As I say, every Department of State is involved in it, pretty much. That's the first thing. And it simply is time-consuming to collect the data and establish the nature of the problems.



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Let me give you another example: the City of London. There's been a lot of concern about things like passports and so on, and some companies have raised issues about that. Now, some companies care about it; some don't. We need to understand why some care about it and some don't, and what the differences are. We need to understand whether there needs to be a policy answer to it, or whether they can mitigate the problems themselves, either by brass-plate offices around the place, and so on. There are a whole series of issues, and that's just one sector. And the City, remember, is an ecosystem—it's not an industry—that fits together like a complex Jenga tower.

There are a whole series of these studies under way right now—and some are still to be started—which will take time to complete. It seems to me that the only way to carry out such a negotiation responsibly is to do the analysis first, draw up your negotiating priorities—it is clear what the national priorities are—on the basis of that analysis, and then design your negotiating strategy around that. That's why it takes time, and I make no bones about it: I think the British people want us to do this properly. They don't necessarily want to do it incredibly fast.

Daniel Kawczynski: I understand obviously that there is a huge amount of work to be done—analytical work—and we want to be ready for those renegotiations, with all the facts at our disposal. It's not an issue, though, of a lack of resources for your Department, is it? Do you have sufficient—?

Mr Davis: No. There is a time constraint, in the sense that the Department's come from scratch; it didn't exist two months ago, or just over two months ago. And most people around this table, although they may not want to admit it, know what Whitehall is like in August; the recruitment processes are not as straightforward as you might think. So it's taken time, but there's no way round that.

It is not a shortage of money; it is not a shortage of resource. It is just a question of establishing the organisation in place. As I said to the Lords Committee yesterday, at the moment it is all civil servants with a few secondees. They are all young, smart people, but they might not have experience in the City or in industry or in various other areas. The next phase will be to bring in some grey hair to provide that experience. So it is not resource in the normal sense of the word, of money. There is not a problem there.

Q204 **Daniel Kawczynski:** Our European partners have, I think, been very understanding, certainly in public, about our delay thus far. Obviously they are keen for us to invoke it as quickly as possible. Do you envisage a time when they will start to say publicly that they are concerned about the delay?

Mr Davis: Some have.

Q205 **Daniel Kawczynski:** Have you had any discussions with them about that?



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Mr Davis: The Prime Minister has been seeing a number of them, and it may well have come up in those discussions, but I do not think it is material. The French Government have been saying they want it to be precipitated soon. I think one or two members of the Commission have said—Mr Juncker has said—that they want it precipitated soon. But they are the other side of this negotiation. We are not necessarily going to do everything they say when they want us to do it.

The counter to this is that they need some time too. For example, to give you the parallel to this, Michel Barnier, my opposite number within the Commission if you like, is about to establish his own Department of 25 people—not 200 or 400 people, but 25 people in the first instance—so that he can do his analysis. They will need to work out for themselves what the consequences of our negotiating requests and asks are. They are starting that process too. So I do not think it is wasted time.

Q206 **Chair:** I can recognise some of the young talent that is supporting you in this role, as I am familiar with it from my time as a Minister—

Mr Davis: Yes, thank you for the training.

Q207 **Chair:** However, I am slightly concerned by your comment about grey hair. Has it proved rather more difficult to find experienced civil servants to come and join your Department?

Mr Davis: You say experienced civil servants—

Chair: And others—

Mr Davis: Do you mean outsiders?

Chair: Well, yes.

Mr Davis: For example, this morning we had an offer—I probably should not name the company—of three senior partners from a very major law firm in this area, and we have had other offers as well. So, no, there is not a shortage of interest in getting involved in this; indeed, for many of the companies in the City, many of the companies in business in Britain, there are strong interests, shall we say, in providing us with good calibre people, when they can. Some of the interest groups—not companies—are doing their own analyses as well, which we will incorporate and draw on too. I was talking to one this morning.

So I would not worry. I will tell the Committee if I run into a constraint on this—I am very happy to do so—but I am not at the moment concerned about that. There is a natural limitation on how long it takes to set up an organisation. I am setting up a battalion from scratch, basically—to put it in words that you will be familiar with. I am the recruiting sergeant, the adjutant [*Interruption.*] Well, it might be a battalion. We will see when we get there. It will be as big as it needs to be.

Q208 **Andrew Rosindell:** The people voted to leave the European Union. They expect us to leave the European Union and we understand that it takes time to get these things right before we can do it. But in the meantime,



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can you reassure the public, can you take actions, even small symbolic actions, to indicate that the Government are absolutely serious—deadly serious—about doing this? There are jitters and there are people who are worried that this is not going to happen in the way they thought.

Mr Davis: The Cabinet decided at the beginning of summer and the Chancellor carried out on 14 August, I think, a statement that we would underpin spending—structural funds, CAP funds and so on. If you wanted a signal that we wanted to reduce the jitters and say that we are definitely doing this, that was one decision that was, at one level, not very cheap. That's one step down that route.

Secondly, I say time and again that this is a decision that has been taken by the people, and this Government's job is to deliver it, other arguments notwithstanding. Those arguments have been made over and over again. There was a debate in Westminster Hall last Monday on whether there should be a second referendum. Well, we have clearly rebutted that. The Prime Minister has said time and again that there will be no second referendum, no reversals and no avoidance: we're leaving the European Union.

Q209 **Andrew Rosindell:** As a transition between now and when we leave the European Union, is there a possibility that we could look at EFTA as a way of continuing to trade on the existing arrangements—having the existing trading relations that we all want to see—while leaving the European Union much earlier?

Mr Davis: No, I don't think so. I don't want to and will not get into what arrangement we end up with when we leave. There are people who will argue that as an outcome; there are others who will argue for instant departure. So we're not going to get into that. I think—well, this is the case: the strategy of the Government is to depart the European Union at the end of the article 50 process. Up until then, the Government will obey absolutely European Union law and we will be a good European Union citizen. That is the approach we are taking. We think that is the best approach in terms of our responsibilities, and we also think it is the best negotiating approach. It is an indicator that at the end, we're going to be a good global citizen. We are not going to walk away from our responsibilities; we are going to take a strong stance on European matters of defence and security, and on a whole series of other things. That is a bit of an indicator of that.

Q210 **Andrew Rosindell:** But what about things that we can do that would be legally okay to do, which show that we are symbolically going in a different direction? For instance, one example is that all new passports that are issued could from now on go back to the traditional blue British passport, rather than the pink things we have been using. Could we make symbolic gestures like that to show the British people that we are absolutely serious about leaving the EU?

Mr Davis: Attractive although the idea is, we are not, or at least I am not in the business of symbolism. I am in the business of delivering on this. That is the point that I think the British people will take.



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Q211 Andrew Rosindell: On that very point about delivering, what assurance can you give that, in your deliberations, negotiations and discussions about the United Kingdom's future with the EU, you are taking into account the interests of Gibraltar, the British overseas territories and the Crown dependencies? I ask particularly about Gibraltar, where people have huge concerns about their position following Brexit.

Mr Davis: Well, we are. Indeed, I am seeing the Chief Minister of Gibraltar almost immediately after this meeting.

Q212 Mr Hendrick: You seem very reluctant to get into specifics, Secretary of State. Obviously you would say that you wouldn't want to expose your negotiating hand, but, as you will recall, straight after the referendum there was huge uncertainty in the markets. The pound slumped and share prices dived. There has been a bit of a recovery for the pound, because, basically, people understand that there is not going to be a rush to invoke article 50.

The run-up to article 50 clearly gives you some breathing space and gives the markets and many of our major investors time to speculate as to which approach you will take. You clearly don't want to be transparent about this, but markets, businesses and investors want certainty and, to some degree, transparency that the outcome is going to be something that they can live with.

You have made it quite plain that you are not sure that an EEA or EFTA model is for Britain. Do you envisage some sort of bespoke arrangement that you are going to keep secret until the last minute, which, at the end of two years, is going to be produced like a rabbit out of a hat? Do you think the international community, particularly the business community, will be satisfied with that? In the meantime, what damage do you think that will do to our international standing in the markets, the strength of the pound and what is happening with investment into this country?

Mr Davis: Let me take that apart. First, the description of the financial markets was simply not true. The FTSE 100 and all the various indicators are good. The standing of the pound is not poor. Indeed, a previous Governor of the Bank of England has said that that is where it ought to be. I am not in the business of speculating about that, but the description you gave is a little like the descriptions that were given during August, when everybody was trying to find things to blame on Brexit. Then, of course, all the things that they blamed on Brexit dissolved—they were not there. *[Interruption.]* Let me finish. You asked the question and I am going to answer it. First off, your description of the economy is simply not the case.

Secondly, I have the advantage of having worked in big business. Big business decisions are not taken on the writing of one commentator in the *FT*. They are taken over quite considerable periods of time. They are not taken on the back of the movement of the FTSE on one day or another. They are taken over long-term assessments. So you will see that the foreign direct investment into this country last year, after the election of a Government that had undertaken to have that referendum, was as high as it had ever been. You will have seen people such as SoftBank putting



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money into the country in a big way. GlaxoSmithKline and Siemens, who previously said they were very concerned about this, said that they would continue to invest. In GlaxoSmithKline's case, it was certainly hundreds of millions, but I cannot remember the exact number. So, frankly, I do not accept the premise.

Let's then take the next step, which is what business views as uncertainty. A businessman wants to see a decision taken on the basis of the facts. He wants to see a Government representing the national interest in the national interest. That is what this Government are doing. If I were still in business and I were worrying about whether I invest in Britain, I would be panicked not by a Government who take their time and do it properly, but by a Government who rush to do something in a tremendous hurry without thinking it through. So I am afraid that the entire premise of your question is flawed.

Q213 Mr Hendrick: You say that, Secretary of State, but I know that you have had discussions with the Japanese ambassador so let me give you a short passage from the report you were presented with: "What Japanese businesses in Europe most wish to avoid is the situation in which they are unable to discern clearly the way Brexit negotiations are going, only grasping the whole picture at the last minute. It is imperative for the UK and the EU to regain the confidence of the world and ensure their unwavering competitiveness by increasing the predictability of the process". Now, that is not just true with Japanese companies; it is true of companies around the world who are wondering whether to pull out of Britain because we will not have access to the single market.

Mr Davis: And you are basing that last statement on what evidence?

Mr Hendrick: Well, you have said yourself—I know we've been slapped down for saying it—that we may not be in the single market when this process is finished.

Mr Davis: Did I say that?

Mr Hendrick: Well, it's what I read in the newspaper.

Mr Davis: You're basing that on what evidence? Newspaper articles and all that? *[Interruption.]*

Q214 Mr Hendrick: Let me finish what I am saying. You mentioned SoftBank buying Arm Holdings. But that is not building factories, new facilities and thousands of jobs in Britain like Nissan or Hyundai. That is a British company that has been taken over, lock, stock and barrel, by a Japanese company. That is not investment. Well, it is investment in that they are giving us money for the company, but it is not jobs and hard manufacturing that we did not have before. Let us not mix up this thing about SoftBank and Arm Holdings as if it is the equivalent to the big car investments that have been made in this country.

Mr Davis: You were the one who brought up the FTSE numbers, actually.

Q215 Mr Hendrick: No, I'll come back to the FTSE. Many of the companies



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listed on the FTSE are foreign owned, and that is why it has not been affected to the same degree.

Mr Davis: Where was the question at the end of that?

Mr Hendrick: No, I answered some of your points.

Mr Davis: Let me deal with the Japanese point first, if I may. The simple way of dealing with it is to ask you to go back to the "Today" programme on the first day of the G20 when the Japanese ambassador went on and was very plain about how attractive Britain is and will continue to be.

Q216 **Chair:** There is an underlying issue here that you have to grapple with, which Mr Hendrick has properly been exploring. The memo on Brexit released by the Japanese talked about unpleasant surprises, and you have this balance to manage of avoiding creating economic uncertainty alongside, obviously, retaining your negotiating hand and the confidentiality of your negotiating hand. How do you propose to manage that? Your robust answer would suggest, "Well, unlucky; they've just got to get on with it, and they should trust us, because we're obviously"—

Mr Davis: That wasn't a robust answer, Chairman. We'll come to those later, no doubt.

Chair: It was robustly delivered. Whether the answer itself was robust, others will have to judge.

Mr Davis: I will let you judge that in your report, which hopefully you won't be pre-judging. There are a number of things. First, what will the international companies be looking for? Chairman, I assume you mean internationally mobile companies that can move their capital backwards and forwards. They will be looking for where the Government's aims are. As you told me at the beginning of this hearing, we alone do not decide the outcome; it will be a negotiated outcome. They will want to know where our aims are. At this stage, the Prime Minister has made it clear what priorities she sees were inherent in the original referendum, but she has also said we want to do that while maintaining the best possible trade opportunities for both the manufacturing and service industries. She said that in terms. How much clearer than that you want to be, I don't know.

Once you get beyond that, you get down to industry specifics. Clearly, that is a good outcome, if we achieve it, for the whole economy. Beyond that, you get down to industry specifics, and that is where this whole exercise—I am beginning to believe I didn't even answer the question earlier—about roundtables, bilateral discussions and departmental conversations with client companies and client groups has a part to play. They will learn that we are taking their interests very seriously and we are assessing them as well as we can, as I think Mr Gapes asked, and then we are going to create a strategy that as best as possible, given it is a negotiation, will deliver on that.



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Frankly, there are times when you are making business decisions when you do not necessarily look for the outcome; you look for the direction of travel. You look for—

Q217 Chair: I understand that. Within that answer, there is an element of the answer to the memorandum from the Japanese Ministry of Foreign Affairs. It would be very helpful if you, on behalf of your Department, could submit to us in effect the reply to that Japanese memorandum, addressing the points about uncertainty for Japanese investors in the United Kingdom. You have given the guts, or the outline of the answer to us, but there is quite a lot of detail in the memorandum and it would be—

Mr Davis: You've got to bear in mind as well, Chairman, that the memorandum was addressed to the British Government and the European Union, not to one side.

Chair: I understand, but it would be—

Mr Davis: It has been presented so far as having been a one-sided memorandum. It wasn't.

Chair: I speak as someone who has the United Kingdom headquarters of Canon in his constituency. I would be grateful if through this Committee, you could give a formal answer to that memorandum, picking up those points.

Q218 Mr Baron: Briefly, do you take heart from the fact that at the end of the day, actions speak louder than words when it comes to big business? It was big business that made the case for the ERM, and it was big business and indeed swathes of the establishment over here, including the FT, that made the case for the single currency, yet despite us going against that consensus from their point of view, inward investment drove upwards. What it comes down to at the end of the day is how attractive a country is to do business in relative to the alternatives, and you have much lower corporation tax here than on the continent, more flexible labour market practices, universities and so on. Those are the key decisions when it comes to business. Important though memorandums from Japanese companies and ambassadors are, it is the relative attractiveness of where you do business that is most important at the end of the day.

Mr Davis: Yes. In looking at this—again, I speak as someone who comes from the commercial sector, albeit a few years ago now—we shouldn't forget that different companies have different interests. Large manufacturing corporations with multinational sourcing and marketing of companies have one viewpoint. It was some of those, I think, that favoured the euro because that took accounting risk out of their balance sheet—you have the secular foreign policy risk in there—but, in doing so, they assessed it from their own point of view, not from the point of view of the country as a whole or the economic system as a whole. That is very often the case with businesses: they will look at something that is their own interest and has a big impact elsewhere but they do not account for that. That is one of the things we are going to assess when we look at the evidence that comes to us. It will not be just an arithmetic exercise—



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although it will be that—but also: has this got bigger impacts on somebody else?

That is the first thing. Of course, that was leading into the fact that businesses make mistakes in some of these assessments and clearly on the euro those companies that wanted Britain to join the euro will probably today have changed their view.

Q219 **Chair:** In your—I am tempted to say “love-in” with their Lordships yesterday, you were kind enough to promise them that the British Parliament would not be kept at an informational disadvantage relative to the European Parliament. What practical measures can you take to guarantee that?

Mr Davis: The first thing is we will make sure we know what is being given to the European Parliament. That instruction has gone to UKRep already.

Q220 **Chair:** Do you understand the implications of the commitments the Commission has made to provide confidential information to the European Parliament in the institutional agreement that was referred to by Lord Teverson when he asked you his question yesterday?

Mr Davis: They have also said that some of the information will be limited because of confidentiality, yes.

Q221 **Chair:** There is an inter-institutional agreement, the framework agreement on relations between the European Parliament and the European Commission. Annex 1 of that agreement provides for the forwarding of confidential information to the European Parliament and for the Chairs of the parliamentary Committees concerned, among others, to request the sight of confidential information. Are you going to replicate that arrangement for the Chairs of Select Committees of this House?

Mr Davis: For those items, sure—as far as I can, yes I will, to the Committees. They will not be replicating to them information which is part of our negotiating strategy.

Chair: I am grateful.

Q222 **Daniel Kawczynski:** You have rightly informed the House that you want to ensure that, in the field of security and defence matters, despite Brexit we will still continue to engage with our European partners on those two very important issues. How do you plan to do that?

Mr Davis: I do not quite understand the thrust of the question. In terms of our standing in security terms—NATO and defence matters—that will be a very public stance. I think the Prime Minister has already talked about it publicly and I have already talked about it publicly. That will be made very clear. We also, of course, will have discussions with them over justice and home affairs as a part of the negotiation. I can make it plain to them there that we take European security as seriously as we take our own security. We have, from time to time, provided assistance—I am not going to air that here—which they are acutely conscious of.



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Q223 Daniel Kawczynski: You are obviously responsible for the Brexit negotiations and pulling us out of some of the mechanisms for joint defence and joint foreign policy matters. I presume that those will be part of your discussions. Can you allude to anything further on that?

Mr Davis: What do you have in mind? I am sorry.

Daniel Kawczynski: I am not sure, but certainly I am personally very concerned when you see Renzi, Hollande and Merkel making an announcement together that they intend to move forward with the single European army. I see that as a huge challenge and threat to NATO, which has secured the peace in Europe for decades. As part of your renegotiations, you will come across certain other European countries who have similar concerns about a single European army. Will you ensure that you work with them to try to prevent this from happening? Because even though we are pulling out of the European Union, it is not in our interests for NATO to be undermined in this way.

Mr Davis: I will be slightly more general. We will ensure that we do not see NATO undermined. That is the strategy. The European army is an argument that has been going on since you worked in the Foreign Office, Mr Chairman.

Chair: My view is not the same as Mr Kawczynski's

Mr Davis: No, but you will remember the primary concern about this was the pre-emption of NATO access to troops. We will obviously work to ensure that that problem does not arise.

Q224 Daniel Kawczynski: But you acknowledge that there are other countries in Europe that do not want to follow this path of a European army. Given the strength and size of our position, and given our historic protection of Europe as an entity over many generations, we will want to play a part in that.

Mr Davis: I'm having to guess—probably accurately—who you are talking about, but the simple truth is that we will not see the weakening of NATO. That is our strategy; that is what we will do.

Q225 Ann Clwyd: Mr Davis, I am curious. I understand that you cannot answer many of the points put to you yet, but you did make a pledge earlier on that £350 million a week will be spent on the NHS. When did you abandon that?

Mr Davis: I made no such pledge.

Q226 Ann Clwyd: Brexit people did.

Mr Davis: Sorry, I made no such pledge.

Q227 Ann Clwyd: But people arguing for Brexit did.

Mr Davis: Some did, but if you want them to argue the case, you should invite the people here who made that argument. You will find no reference to that in any speech of mine.



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Ann Clwyd: Right, that's very interesting.

Mr Davis: Ms Clwyd, I do not want to be rude to you at all; I am an admirer. The simple approach that I am taking is to try to deliver this outcome in the national interest. That judgment is made not on the basis of someone else's speech at some other time; it is made on the basis of hard data that we are gathering right now. That is what I am doing—no more, no less.

Q228 **Ann Clwyd:** May I ask you this then? Until the UK extracts itself from its obligations under EU treaties, the policy on freedom of movement remains unchanged. Is that correct?

Mr Davis: That's correct.

Q229 **Ann Clwyd:** Given the current shortfalls in health and social services, it is very difficult for the NHS to retain staff or recruit staff. Given the uncertainty over what will happen in the future, how are you going to protect people who work in the service?

Mr Davis: The Prime Minister has made it clear. I think what you're alluding to is the question of the protection of the position of existing European citizens here. Is that where we are going with this question?

Ann Clwyd: And people who might want to come here.

Mr Davis: That's a different category, I think. Let me deal with the ones who are here already. On the ones who are here already, the Prime Minister has made it clear that we would seek to give them as generous a treatment as possible in terms of leave to remain and other such things, only subject to our own citizens abroad getting similar treatment. I heard people refer to this as making a bargaining chip out of people, but it is not. This is ensuring that nobody gets turned into a bargaining chip. It is aimed at getting the best outcome for everybody: British citizens abroad and European citizens here.

One of the things that I would say to Ms Clwyd on the argument that took place around this is that it is very important that people understand what the current situation really is. You would have thought, listening to the argument, that people were about to be deported. The simple truth is that many people here—indeed the majority of European citizens here—already have, or will have by the time we depart, leave to remain under existing rules. It is very important that we do not frighten people. Most people will be in a perfectly safe position no matter what the Government do. I find it very hard to believe that other European countries will misbehave. Under those circumstances, they will all be protected.

Q230 **Daniel Kawczynski:** Very quickly on that, Secretary of State, I engage with a lot of members of the Polish diaspora here, which is 900,000 strong. They make a huge contribution to our country. There have been some reports of hate crimes around the country. I am a little concerned about how certain sections of the media are trying to overplay some of those difficulties. Is there any word of assurance you can give to the Polish community on this issue?



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Mr Davis: First, every Member of this House, let alone every member of this Government, would condemn unreservedly those hate crimes that have occurred. It is, frankly, unspeakable people making use of what they think is an excuse, and it is not. That is unforgivable and will continue to be treated as fiercely as we, in modern times, have always treated hate crimes in this country.

Q231 **Mr Baron:** Secretary of State, can I bring us to departmental issues and a few nuts and bolts? First, in your negotiations with the EU, one is reading the tea leaves. From what we hear, there seems to be a bit of a separation—almost a schism—between the Commission and elected politicians within the EU, with the Commission perhaps wanting to play a slightly harder-nosed game. The elected politicians are conscious that many EU countries, particularly France and Germany, are net exporters to the UK. There are domestic elections around the corner. Those politicians are worried about the implications of playing a hard-nosed game when, if negotiations do not progress as they should, in relative terms—there are no outright winners and losers in situations like this—they could come off worse, particularly if we fall back on tariffs. Have you picked that up?

Mr Davis: Yes.

Q232 **Mr Baron:** And what is going to be your Department's approach with regard to that situation? You have listed three or four possible opposite numbers.

Mr Davis: The first thing to understand is that the Commission in particular—institutions generally, but the Commission in particular—take a viewpoint of this that reflects what they see as the interests of the whole Union, and in a way, of the whole European Union project. They do not want a country leaving the Union to be better off outside than it was in. That is, I guess, their *raison d'être* in this. The countries—quite properly, of course, as they are all democracies—take an interest not universally, but broadly, that is the interest of their own citizens. You are quite right; the balance of trade, certainly in manufacturing, tends to be to their advantage, so to threaten to punish some element of British industry tends to carry with it a threat to their own industries.

In terms of our approach, I have argued and will continue to argue—I did so elliptically in my statement in the Chamber—that trade is a mutual benefit. Nobody should have to pay anybody else to trade with them. There should not be any sort of exchange for that. We will make that argument, and it will become explicitly apparent to those countries as their own industries as organisations argue their case. I would expect the German car makers, the French farmers, the Polish electronic manufacturers and many others to make the arguments to their Governments. That will reinforce our arguments. We are certainly going to use that argument. It is no secret that in our negotiating strategy, I will be using that as an argument.

Q233 **Mr Baron:** As you say, it is not just the politicians facing elections; it is



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the fact that many industrialists are expressing concerns. Indeed, the head of the German CBI said just a few days before the referendum that essentially it would be mad for Germany to consider tariffs when you are a net exporter as much as they are, because tariffs obviously hurt our net exporters. But does this influence the timing of things? If the Commission is going to try to square the circle, and a lot of elected politicians are worried about the ideological approach adopted by the Commission, it may actually encourage the Commission to push the timetable out and not bring it forward. Without getting into the minutiae of negotiations and red lines, have you formed a view on that?

Mr Davis: I don't think it can very easily. There are people who argue that article 50 disfavours somebody trying to leave. I don't agree with that, because that is only true if you fear the endgame. In fact, it puts a discipline on everybody, but everybody does understand that this process is quite quick by trade negotiation standards. We have some advantages in terms of existing commonality of standards and so on, but it is moderately quick, so they know they do not have time to waste. The endgame you described earlier—the sort of WTO endgame that the Chairman asked about—is not helpful for them by comparison with us. So it is not necessarily wise—there are other, bigger problems in timetables than that, so I don't think that is a big one.

Q234 **Mr Baron:** A final question: from our point of view, I don't doubt that you think it was a good idea to create a Department to support Brexit negotiations—you are the Secretary of State and you are sitting on top of it, so I assume that you think it is a good idea. But can you tell us what the budget for the Department is? Are you happy with the support that you have been given? Do you think that the processes are working fast enough to recruit the expertise that you require, putting to one side all the offers of voluntary help and so forth? Are you happy with progress from that point of view, from the nuts and bolts upwards?

Mr Davis: This is one of those strange Departments where budget comes second. What we will get is what we need, really. And yes, so far, I have been moderately surprised in a way. Despite the rather strange stories over the summer, most of which did not relate to my Department, but some did, my Department almost by definition stands on everybody's toes because we have involvement in every Department, virtually. Actually, we have had very little in terms of problematic responses—Sir Humphreys and so on. I think the reason for that is that the strategy, which frankly was not my design—it was the design of my permanent secretary and I agreed it—is one of having a small unit inside the Department liaising with whatever policy Department there is; let's say in the Home Office, DWP or wherever. That approach has actually worked really rather well. With hindsight, it was a very wise approach—I wish it was smart on my part, but it was not.

So no, so far—I said to the Chairman I would tell you if I felt I was running into difficulties, and I don't think so. Because of the way the process is staged—data gathering at this stage, engagement at this stage, analysis later, policy design later after that, and so on—I don't think we



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are going to have a problem. The simple truth is that for Whitehall civil servants, this is an incredibly attractive, history-changing problem. It is going to alter whichever way our country goes, whatever the outcome is. But also for business, lawyers and for pretty much every profession, this is the one chance in a lifetime to alter the future of the country, so I do not think there is a problem of attracting people in.

In terms of timing, I would worry if we went any faster, in truth, because it is the quality of recruitment as much as the numbers that matter. It is the output, not the input, that I am worried about. So far everything I have seen shows that the quality is good and that we are getting the best and brightest in Whitehall.

Q235 Mr Baron: Very finally and briefly, the reports in the media about turf wars between your Department and the FCO over who shares Chevening and all that sort of thing has made great copy, but it does not necessarily reflect reality.

Mr Davis: It has made great copy. Nobody has organised a pyjama party yet—you know, whatever. The fact is that we have not been to Chevening. I suppose we will use it for something—I am not quite sure what yet—but no, that is just all nonsense. It was August. I had the misfortune of working through August because of the Department, so I was here to read it, but I didn't recognise any of it.

Q236 Mr Holloway: Secretary of State, what sort of jobs are your squadron group of 180 people doing? Can you talk us through them?

Mr Davis: A variety of things. First, there is the sectoral analysis: they are working through about 50 cross-cutting sectors—what is going to happen to them, what the problems of those industrial groups are, and so on. That is both them and in liaison with other Departments. Some of them are setting up an engagement strategy. We haven't talked about liaison with the devolved Administrations, but that has been quite an important part of it too. In that sense, it is very processy. It is almost Sir Humphrey-type stuff—what sort of ministerial committees and things like that we are going to have, and the liaison at an official level among Scotland, Wales, Northern Ireland and ourselves. All that has been going on.

There has been work on legal issues. The issue that the Chairman started with—the question of the legislation—has taken some time, and that is ongoing. There is, of course, work on the international legislation—the WTO legislation—as well. There are a lot of scare stories about the WTO. We are a full member of the WTO. Those sorts of things have been going on.

Similarly, there is the article 50 process itself. There are reviews of other trade agreements—the Canadian trade agreement and why that went or did not go, and those sorts of things. There is a whole series of legal, political and economic operations. That does not include, of course, UKRep. Just as an aside, I don't know whether we made it clear to



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everyone that we have taken over our operation of the General Affairs Council—the normal, day-to-day work.

Q237 Mr Holloway: Finally from me, you spoke about having had an offer from a law firm's partners. What sorts of skill sets are you looking for from outside the civil service?

Mr Davis: We are not really hunting yet on that front, but it will be specific industrial skill sets—some legal and some quantitative work. Not very much consultancy, although McKinsey have been helping us a bit. Frankly, anything that helps us solve some of the problems I have listed. It is quite likely that in four weeks' time I'll decide I need another two or three skill sets. At that point, I will go either to Departments or to outside sources again.

Q238 Ann Clwyd: Mr Davis, you told the Lords EU Committee yesterday that the main mechanism for co-ordinating the work of Brexit with that of the Foreign Secretary and the Secretary of State for International Trade is a Cabinet Committee chaired by the Prime Minister. How often does that Cabinet Committee meet?

Mr Davis: So far it has met twice, but that is across all of us. I would say it is at least once a month.

Q239 Ann Clwyd: Is that sufficient?

Mr Davis: Yes. Well, we talk to each other as well. Cabinet happens, and it comes up in Cabinet. That is the super-committee. There are other internal committees—JMCs and so on—but that is the primary driver. Of course, from time to time we talk informally, either two or three—bilaterals or trilaterals—and either between ourselves or, like last week, with the Prime Minister.

Q240 Ann Clwyd: Will you sit on the National Security Council?

Mr Davis: No.

Q241 Ann Clwyd: Why not?

Mr Davis: That is a matter that really is above my pay grade.

Q242 Mike Gapes: Secretary of State, yesterday you told the Lords EU Committee that you have taken temporary responsibility for UKRep.

Mr Davis: Yes.

Q243 Mike Gapes: Can you confirm that that means UKRep now reports exclusively to your Department, and not to the Foreign and Commonwealth Office?

Mr Davis: Principally to us on things like the GAC, but if there are bilateral matters of course we involve the Foreign Office as well.

Q244 Mike Gapes: You involve them. They don't automatically—

Mr Davis: This is a sort of Sir Humphrey question. I mean, what's the problem with this? I don't quite understand.



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Q245 **Mike Gapes:** I'm trying to figure out the lines of accountability

Mr Davis: I have the primary responsibility for UKRep.

Q246 **Mike Gapes:** But does UKRep also report to the FCO and the Foreign Secretary?

Mr Davis: Well, there's probably a pay and rations link. I don't know.

Q247 **Mike Gapes:** You don't know?

Mr Davis: We can write to you on that, Chairman, if you want.

Q248 **Chair:** That would be helpful. At the moment, this Committee is probably best placed to oversee your departmental plan, budget and resources, because of the very close relationship with the Foreign Office, which we obviously already do. Exactly how that works and on whose budget line UKRep appears would be very helpful to know.

Mr Davis: One of the things I don't do in my Department is micromanage things like who pays ED, who pays UKRep and so on. That is why I can't give you an exact figure.

Q249 **Chair:** It must give you concern, because it goes to what is a central challenge for our Government: the presentation of the United Kingdom in a post-Brexit world. It is the opinion of this Committee that the budget of the Foreign Office is going to need to double or treble to meet that challenge because we are going to have to get serious about presenting the United Kingdom to the world, about explaining our new role in the world and about establishing the depth of bilateral relationships, particularly in Europe, that is going to be required to replace that. There is a direct overlap between resources going into your Department to negotiate Brexit and this gaping hole in our capability to promote our wider role in the world, which obviously belongs to the Foreign Office.

Mr Davis: I accept many responsibilities, but not for the gaping hole. Bear in mind that at the end of this, in about two or three years' time, the Department will go and those numbers who are within the Foreign Office will subsume back to the Foreign Office. That is why I am not sure of the figures.

Q250 **Chair:** But you are in a resource-rich environment—that is my summary of how you presented your position—in which nobody is really counting your priority about establishing a capability. That is certainly not the environment that the Foreign Office are in. To say they are resource constrained would be an understatement.

Mr Davis: But neither am I a financial buccaneer on behalf of the Foreign Office.

Q251 **Chair:** I'd rather hoped that you would be.

Mr Davis: I rather thought that that's where you were going. That would be one way of getting my budget stopped right away, I suspect.

Q252 **Mike Gapes:** Let me take you back to what is going to happen in the next



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two-and-a-half years, or however many it is, that we are still within the European Union. Given that UKRep are reporting to you, do you believe that they have the capacity, and that your Department has the capacity to direct UKRep's work on matters that are not also directly related to this Brexit process?

Mr Davis: Yes.

Q253 **Mike Gapes:** Do you think they need extra staff and resources to cope with the additional work that Brexit will involve?

Mr Davis: No.

Q254 **Mike Gapes:** Not at all?

Mr Davis: No. The reason I say that is that UKRep works by secondment from other Departments, whether it is the Treasury or whatever. I have had no indication that that's an issue. The representation side is line for line throughout UKRep. The policy development is primarily with us in Whitehall, rather than in UKRep. In terms of diplomatic and information, they are very good at that as it stands. I do not really have any concerns. Again, as I said to the Chairman, I would tell the Committee if I did.

Q255 **Mike Gapes:** What about the individual posts within the 27 EU countries? Do we have enough people there to provide a relationship and the information we will need, given that there will be a lot of bilateral discussions here, as well as things that focus on Brussels?

Mr Davis: I think so. I have no reason to think otherwise. The Foreign Office itself has always had a very effective network, and I see nothing to indicate that there is a problem there.

Q256 **Mike Gapes:** But those posts—let us say, for example, Rome or Tallinn—report to the Foreign Secretary directly, but UKRep is reporting to you.

Mr Davis: Yes.

Mike Gapes: That's helpful.

Mr Davis: But they do talk to each other.

Q257 **Mike Gapes:** I hope so. We do have one Government.

Mr Davis: I have to tell you that one of the almost daily duties I have is to read a lot of intel and diplomatic telegrams, and I am sure that if they come to me, they come to the people who work for me.

Mr Baron: Secretary of State, we have asked you a series of questions. What are the pitfalls and opportunities with regard to these negotiations, as far as you are concerned? To put it another way, what are the questions that we should have asked but haven't?

Mr Davis: I am almost inclined—what do the Americans say?—to take the fifth. There are lots of opportunities, as you know—you know my view on the upside of Brexit—although most of those fall within the Secretary of State for International Trade's position. Mine is, in a sense, defensive,



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rather than opportunistic in trade terms. So lots of those, and I will not list them again, but the Committee will be very conscious of them.

In terms of risks, I am tempted to use the known unknowns and unknown unknowns analogy—there will be things that we have not thought of yet. But of some of the things that we are looking at, take the Canadian treaty. The Canadian treaty, by the standards of the European Union, is a very good treaty, but it has gone into the next procedure, which will take quite a long time. It requires all 36 Parliaments in Europe, including the Walloon Parliament, to approve it. So one of the things that we have to look at very carefully is how the endgame of this, legally, works out—what the decision-making procedure is, whether we are going to be sitting around after the two years is up waiting for approval, and issues like that.

There are the obvious negotiating risks, of course—the negotiating risk that the Commission's view that you highlighted wins the battle inside Europe. You do not need me to list those for you—you know those already and have asked about them. My concern is to ensure that we do not trip over any unseen legal tripwires. That is why, when Mr Holloway asked about what we are doing, one of the things I highlighted was some of the legal issues.

Q258 Mr Baron: May I press you? You talked a lot about the WTO, tariffs, tradeable goods and so forth, and we make no apology for raising those issues, but may I bring you to the City of London, passporting and so on? We really have not touched on that in this line of questioning—not to any degree. When I worked in the City, we knew how the mechanisms worked. What is your approach on this? What are the opportunities and pitfalls there? Do you understand the City's concerns? Are they over-egging it? Where are you sited, and how are you going to proceed?

Mr Davis: It is slightly too soon to tell, but one of the things to say about passporting is that it represents symbolically a number of other problems, because we get 180-degree different opinions, depending on who you talk to, and in terms of how important it is to them—it is a different issue for a retail bank from a wholesale or investment bank, and it is a different issue if a bank is structured on a national or a global basis. So you have got two sets of arguments there. You then have arguments that relate to whether MiFID and the mutual recognition approach will work to protect them, and also whether it is stable and safe after we have left the Union. I will not go any further into the details of what has been done, but you can be sure that we have been thinking about and talking to some of those main players about how we deal with each of those issues.

Q259 Mr Baron: May I press you slightly on that? I accept that you must not reveal red lines and all the rest of it, but, very briefly, there is a reasonable cadre within the City of London, particularly in the American banks, that is concerned about passporting. They employ a lot of people. I agree that opinion is more keenly divided than papers like the *FT* would have you believe, but putting that to one side, what reassurance can you give, because confidence is important when it comes to the City, with regard to passporting and is there anything more you can say rather than



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what you have just said, which doesn't necessarily, with the greatest respect, reveal any more than we knew already?

Mr Davis: Most of this will be known to the specialists in the City anyway, so nothing I tell the Committee will be new to them. We have some thoughts about how we design the next step but, forgive me, I am not going to go into that, partly because they may represent a negotiating line and partly because they are incomplete at this stage. The Committee should bear in mind and understand that, if you take into account the fact that in operational terms Brussels and London largely shut down in August, we have been in operation for four weeks. I want to ground some of these things much more closely before talking about them.

Q260 **Chair:** Secretary of State, you will be pleased to know we are nearly at the end of the session—

Mr Davis: I'm not pleased at all. I'm enjoying myself.

Chair: While we have been sitting here, I have had a helpful suggestion from Mr Steve Hawkes of *The Sun* inviting me to ask you about Guy Verhofstadt's demands today, which he has described as "no migrant control if you want access to single market". I then checked what Guy Verhofstadt actually said, which is: "The position of the parliament is very clear...if the UK wants to remain part of the single market it will also have to accept the free movement of our citizens".

Mr Verhofstadt is going to be involved in these negotiations on behalf of the European Parliament. His use of language is properly precise, while the advised question I had from our colleague in the fourth estate muddles up the issue of access and being in. Do we not need to be much clearer about our use of language? The position that Mr Verhofstadt has made clear is, I would say, the common accepted position: we cannot be in the single market—or remain part of it, as he expresses it—if we are not prepared to concede one of the four freedoms that underpin it.

Mr Davis: I'll say a couple of things, other than "Get thee behind me, Satan."

Q261 **Chair:** Is that me or Mr Verhofstadt?

Mr Davis: I will allow you to draw your own conclusion, Chairman. Mr Verhofstadt's comment is not new; he has been saying this for some time. While I will not get drawn into what our position on it is—as I say, all these options are being kept open while we calculate these things through—you are right in one respect, I think. The language used about the single market, access to the single market and membership of the single market does get very confused. What we want to see is the best trading capacity for the British manufacturing and service industry. That could be any of those.

Q262 **Chair:** But isn't it clear that the baseline is that we are leaving the European Union, which means we are not going to be in the single market, not least because it is impossible for us to concede that fourth freedom, the free movement of labour, as it is? What is being negotiated



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are the terms of our access to the single market. Wouldn't it be better to clear some of the undergrowth about language and everything else and lay it out clearly that that is what we are talking about? Otherwise, Brexit won't mean Brexit, and we will—

Mr Davis: We will clear the undergrowth when it is necessary to clear the undergrowth, and it will be very clear then. It will be a positive desert.

Chair: We will look forward to that.

Mr Davis: You haven't asked me about article 50 at all. I am sitting here waiting for it.

Q263 **Mike Gapes:** I did, and you wouldn't answer it.

Mr Davis: What was your question again?

Q264 **Mike Gapes:** Why don't you have the election before you trigger it?

Mr Davis: If you put it in those terms, of course, I would give you the answer I gave you. Let me say this to you—

Q265 **Chair:** What would you like to say about article 50?

Mr Davis: I apologise, Mr Gapes; I was a bit cruel. Can I come back to him and give him a further answer to that?

Chair: Yes, absolutely.

Mr Davis: I didn't really mean to be rude. The whole argument about article 50 is this. The Government's position is that it is an exercise of Crown prerogative. Crown prerogative—the theory of it—is that the Crown represents the nation. This is the only time that I am aware of in British history when the Crown prerogative has been backed up by a 17.5 million-vote mandate. In other words, it clearly is the will of the British people. That is the point.

Now, when you come to how you deal with that, it seems to me very plain. You don't need a second referendum. In fact, when there was a second referendum debate in the Commons last week, nobody spoke for a second referendum. You don't need another election—I think that is plain—because we have had the mandate directly, and you don't need a vote of Parliament either. In the event that you had a vote of Parliament, and presumably the vote could only be in favour or against triggering article 50, that is the manifestation of the referendum. Parliament would either be supporting the referendum or refusing the referendum. What would you get to if you had an outcome that was Parliament v. the people? That is the key point. We can have some badinage about elections, but I wouldn't want you to walk away and me not answer the constitutional question.

Q266 **Mike Gapes:** But the Lords Constitution Committee has actually published a report today that directly contradicts what you have just said.

Mr Davis: No, it disagrees with what I said. That is the point. That is why I thought you might ask me about it. The simple truth is that a proposal



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that could put Parliament in opposition to the people over something as simple as this is extraordinary.

Q267 **Mike Gapes:** But wasn't it an advisory referendum?

Mr Davis: No—

Q268 **Mike Gapes:** If you look at the wording of the debate—

Mr Davis: Where does it say "advisory"?

Q269 **Chair:** Secretary of State, the reason that you haven't been asked about this is that I rather thought that you had made your position extremely clear in the statement you gave to the House of Commons last week.

Mike Gapes: But we've had the Lords Committee—

Chair: Mr Gapes is absolutely entitled to challenge that statement—

Mike Gapes: It's not just me, it's the House of Lords Committee—

Chair: Of course, but I don't think the position of the Government is in any doubt.

Mr Davis: No. I think it's fair. The point is, go back to the debate. Go back to the *Hansard*. The Foreign Secretary said, in terms, this is a matter for decision by the British people. The Government in their manifesto said that they would respect the result of the referendum. This was not advisory. The British people did not think they were being asked their opinion. The previous Prime Minister didn't resign because he didn't like the opinion. I think we have got to take this seriously.

Q270 **Mike Gapes:** But the referendum didn't say, "We will trigger article 50 the day after the referendum." Jeremy Corbyn might want that, but it was not the position that was in the referendum. Similarly, it did not say it would be done in March or May. It surely has to be for Parliament to debate and to decide when and under what circumstances we trigger article 50.

Mr Davis: It is for Parliament by all means to debate the conditions of departure, but it is not for Parliament to gainsay the view of the British people. Full stop.

Q271 **Mr Baron:** Once article 50 is triggered, and one fully understands you can't give precise timelines and so forth, would it be incorrect to believe that given the groundwork you are putting in now, while everybody is talking about two years, progress could be made over a much shorter period?

Mr Davis: In theory, yes. Practically, I think it unlikely, but in theory yes. Two years is the limit, subject to, if you are unanimous, an extension, but two years is the limit so it could be done in less.

My experience with European negotiations over the years is that the decisions tend to get taken in the last second of the last minute of the last day because that is how the negotiation works and people try to use the



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time pressure on one side or the other. So I think it is unlikely, but in theory you are right.

Q272 **Mr Baron:** One further question: let's assume we are at that last minute, last day, last month and so forth and we don't have the optimistic outcome that you have envisaged and we don't agree acceptable terms. What do you see happening?

Mr Davis: That would be to give it all away, wouldn't it? I think you can—no, I'm not going to say what you're going to see.

Q273 **Mr Baron:** Give it a try at least, Secretary of State—some sort of answer.

Mr Davis: Mr Baron, you know me well enough. You can probably guess what I'm doing, but there we are. I'll leave you to guess.

Q274 **Chair:** Secretary of State, I seem to recall the former Prime Minister saying he was going to invoke article 50 immediately on the Monday morning following the vote, so that may have been the formal position of the Government as we went into the referendum.

Mr Davis: Yes, that's right. So did the Leader of the Opposition, indeed.

Q275 **Chair:** And the fact is that things changed rather rapidly after the decision of the British people, as obviously we saw yesterday.

You mentioned things we haven't thought about yet. May I commend to you our report of 26 April, which had a look at the implications of Brexit? I trust that that will be fully—

Mr Davis: I haven't read it since becoming a Minister, but I read it at the time, I think.

Chair: I want to thank you formally for your evidence. For courtesy, I should notify you that we have put our correspondence—my letter to the Attorney General and your reply to me—online, so that people can understand our exchange. On the subject of courtesy, and having seen the charming courtesy afforded to you by Lord Boswell in his Committee in the House of Lords, I want to concur with his view that oversight by the Committees of Parliament can and should be an asset to the examination of the process you are doing, and can help you build a robust negotiating hand on behalf of the people we represent.

I want to finish by thanking you for the evidence you have given us. Of course, we wish you all the very best with conducting a very serious negotiation on behalf of the United Kingdom. I hope it will be our privilege to continue to oversee it while you do it.

Mr Davis: The pleasure was all mine, Chairman.