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GENERAL COMMITTEES

Public Bill Committee

EUROPEAN UNION (REFERENDUM) BILL

Third Sitting

Wednesday 4 September 2013

(Morning)

CONTENTS

CLAUSE 1 agreed to.
Adjourned till this day at Two o'clock.

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The Committee consisted of the following Members:

Chairs: † MR JOE BENTON, MR GARY STREETER

† Bain, Mr William (*Glasgow North East*) (Lab)
 † Burley, Mr Aidan (*Cannock Chase*) (Con)
 Campbell, Mr Gregory (*East Londonderry*) (DUP)
 Dowd, Jim (*Lewisham West and Penge*) (Lab)
 † Ellwood, Mr Tobias (*Bournemouth East*) (Con)
 † Hart, Simon (*Carmarthen West and South
 Pembrokeshire*) (Con)
 † Hopkins, Kelvin (*Luton North*) (Lab)
 † Horwood, Martin (*Cheltenham*) (LD)
 † Latham, Pauline (*Mid Derbyshire*) (Con)
 † Lidington, Mr David (*Minister for Europe*)

† Reynolds, Emma (*Wolverhampton North East*)
 (Lab)
 Sheerman, Mr Barry (*Huddersfield*) (Lab/Co-op)
 † Smith, Miss Chloe (*Parliamentary Secretary,
 Cabinet Office*)
 Vaz, Keith (*Leicester East*) (Lab)
 † Wharton, James (*Stockton South*) (Con)
 † Williamson, Gavin (*South Staffordshire*) (Con)

Kate Emms, *Committee Clerk*

† **attended the Committee**

Public Bill Committee

Wednesday 4 September 2013

(Morning)

[MR JOE BENTON *in the Chair*]

European Union (Referendum) Bill

Clause 1

REFERENDUM ON THE UNITED KINGDOM'S MEMBERSHIP OF THE EUROPEAN UNION

8.55 am

Martin Horwood (Cheltenham) (LD): I beg to move amendment 51, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union on the free movement of goods, capital, people and services between the United Kingdom and the European Union.’

The Chair: With this it will be convenient to discuss the following:

Amendment 52, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the legal and economic consequences of withdrawal from the European Union on the United Kingdom’s participation in the European Union’s external trade agreements.’

Amendment 53, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the economic consequences of withdrawal from the European Union on the representation of the United Kingdom at the World Trade Organisation.’

Amendment 54, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the environmental and economic consequences of withdrawal from the European Union on the representation of the United Kingdom at the United Nations Framework Convention on Climate Change.’

Amendment 55, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union for the competencies exercised by the European Union that are identified in the Government’s Balance of Competence Review as appropriate.’

Amendment 56, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union for the economy of the United Kingdom.’

Amendment 57, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the environmental, legal and economic consequences of withdrawal from the European Union on the United Kingdom’s participation in the EU Emissions Trading Scheme.’

Amendment 58, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union on cooperation with Frontex.’

Amendment 59, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union on the United Kingdom’s participation in Europol.’

Amendment 60, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the legal and judicial consequences of withdrawal from the European Union on the United Kingdom’s participation in Eurojust.’

Amendment 61, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union on the United Kingdom’s participation in the Schengen Information System.’

Amendment 62, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the consequences of withdrawal from the European Union on the United Kingdom’s participation in the European Arrest Warrant.’

Amendment 63, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the economic and scientific consequences of withdrawal from the European Union on European Union Research and Development funding in the United Kingdom.’

Amendment 64, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the economic consequences of withdrawal from the European Union on European Structural and Investment funding in the United Kingdom.’

Amendment 65, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the economic consequences of withdrawal from the European Union on European Investment Bank funding in the United Kingdom.’

Amendment 66, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the economic and environmental consequences of withdrawal from the European Union on support for the agricultural sector in the United Kingdom.’

Amendment 67, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report on the potential budgetary contributions by the United Kingdom to the European Union following withdrawal from the European Union.’

Amendment 68, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the legal and economic consequences of withdrawal from the European Union on the rights of British consumers.’

Amendment 69, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance of the proposed polling day the Secretary of State shall publish a comprehensive report of the legal and foreign policy consequences of withdrawal from the European Union on the United Kingdom’s participation in the Common Foreign and Security Policy.’

Amendment 70, in clause 1, page 1, line 14, at end insert—

‘(7) At least 12 weeks in advance from the proposed polling day the Secretary of State shall publish a comprehensive report of the legal and defence and foreign policy consequences of withdrawal from the European Union on the United Kingdom’s participation in the Common Security and Defence Policy.’

Amendment 87, in clause 1, page 1, line 14, at end insert—

- (a) Within six months of this Act receiving Royal Assent the Prime Minister will, following a consultation, lay before both Houses of Parliament a report providing details of the powers and competencies held by the European Union under the Treaty on European Union and the Treaty on the Functioning of the European Union which the Government intends to repatriate from the European Union to the United Kingdom;
- (b) six months after the report in paragraph (a) being laid before both Houses, the Government will lay a further report detailing what success it has had at securing the powers requested in the report in subsection (1).’

Martin Horwood: It is a pleasure to serve under your chairmanship on this extremely sunny and warm day. We are going to get on to the subject of climate change at some stage and so global warming is a rather appropriate subject.

The amendments in my name are all based on what I think is an emerging convention: to have more informed debates on public policy issues. Debates informed to some extent by work backed by the resources of Government and the civil service, with their expertise and confidential access to information, allow a deep and thorough evaluation to be made. The reports would be presented to Parliament by the Secretaries of State in the relevant Departments but the idea is that they will provide a reasonably objective and civil service-led evaluation of the consequences of withdrawal from the European Union.

Models for that include several documents that have been produced by the coalition Government: for example, the Trident review. That looked for the first time at the real cost-effectiveness of the Britain’s nuclear deterrent and whether that should be upgraded. That exercise aimed not to draw a particular conclusion or to take

sides, but simply to examine, with all the resources of Government and the access to information, the real costs and benefits of the Trident nuclear deterrent and the process of upgrading it. That has been a helpful and successful exercise. It was something that both sides in the coalition agreed to, even though they took different sides in that debate. That is the model that I am seeking to emulate.

We have also had the balance of competences review on the subject of the relationship between the European Union and Britain. That is still ongoing and is a mammoth exercise, but it is proving productive. Liberal Democrats and Conservatives alike have identified the opportunities for reform and for pulling some competences closer to national and local decision making, while recognising that some are best exercised at European level.

Mr William Bain (Glasgow North East) (Lab): May I offer the hon. Gentleman yet another parallel with the referendum that will take place next year on whether Scotland remains in the United Kingdom? As he will be aware, we on the Labour Benches have welcomed the work that the UK Government have been doing to set out the consequences if Scotland withdraws from the UK. It is a huge project, an immense work. There are 13 reports touching on everything from macro-economics to the internal market in the United Kingdom. Is that not a parallel for the type of review that he is seeking?

Martin Horwood: Yes, absolutely. The build-up to the referendum in Scotland has been instructive. Using the resources of Government to present what should be reasonably objective evaluations of the impact of such moves can sometimes challenge preconceptions.

I have a leaflet that was distributed in April last year called

“The ultimate plan B: A positive vision of an independent Britain outside the European Union”.

It included the rather optimistic statement:

“leaving is easy: The step by step guide to leaving the EU.”

However, if one follows it through, it is actually quite complicated because it involves a UK-EU free trade agreement being presented for approval to the UK Parliament and the EU:

“Once ratified by Westminster and the EU, Britain would then withdraw its representatives from the Council of Ministers, the European Parliament and from other EU Organisations. Financial contributions to the EU would cease at that point.”

That is very optimistic because, as we know, we cannot just cease contributions to the European Union. The relationship that Norway and others have with the EU clearly demonstrates that.

There is quite a lot of misinformation, perhaps on both sides—perhaps there are wildly inaccurate claims being made on the inside of the argument as well as the outside—but the purpose of the amendments is to set an agenda for Secretaries of State to present the real and well thought out implications of exit from the EU to Parliament, the public and the country.

Kelvin Hopkins (Luton North) (Lab): There is constant reference to Norway and what it has to do. Norway chooses to do certain things because its political class has been in favour of EU membership since time immemorial. It is a way the political class has got round

[Kelvin Hopkins]

the fact that the Norwegian people, very sensibly, do not wish join the European Union. The two things they will not join are the common fisheries policy and the common agricultural policy. If we got out of both, we would make great progress.

Martin Horwood: The hon. Gentleman takes us slightly out of order to amendment 67 in the group, which I accept is quite long. That amendment asks that the Secretary of State—I suspect that in this case it would be the Chancellor of the Exchequer—

“At least 12 weeks in advance of the proposed polling day...publish a comprehensive report on the potential budgetary contributions by the United Kingdom to the European Union following withdrawal from the European Union.”

The hon. Gentleman says that Norway chooses its relationship with the European Union. That is true in a way. It could choose to exclude itself from access to the single market, or from all the consumer regulations that guarantee that Norwegian products have access to that market, but there would be fantastic economic consequences. I am sure that Norway is not paying €550 million a year just because it feels like it or just because the political class is so inclined. I am sure any group of politicians looking for budget economies would not pay that amount of money just for the good of their health.

Emma Reynolds (Wolverhampton North East) (Lab): The example of Norway is instructive. In Norway some politicians and public policy makers complain about a democratic deficit because they have what they call “fax democracy” where they are faxed directives from Brussels that they have to implement. Perhaps that could also be taken into account in considering the consequences of withdrawal.

Martin Horwood: That is exactly right. I am sure the term “fax democracy” is a turn of phrase. I am sure they e-mail the instructions these days. It is quite extraordinary the extent to which Norway does comply with EU single market legislation. Norway has implemented nearly three quarters of all EU legislation and 99.6% of all single market legislation. It has implemented 1,700 EU directives. Is that what—

Kelvin Hopkins: By choice.

Martin Horwood: Well, it is a choice based on economic necessity. It is based on the need to protect Norwegian jobs and to gain access to European markets for Norwegian businesses. Exactly the same conditions would apply in this country. Norway is currently ranked fourth for implementing EU rules. It is better than the United Kingdom, such is the extent to which it, in good Norwegian, Scandinavian fashion, complies assiduously with what it is asked to do, but it has had no say whatsoever over the development of those rules, as the hon. Member for Wolverhampton North East rightly says. Norway has had no democratic input. Therefore, the democratic deficit for countries that leave and have to negotiate this kind of relationship is even greater than for any member state that feels that it and its citizens are not fully involved in decision making within the Union. That

even includes directives quite controversial in this country such the working time directive, which is part of single market legislation.

Norway makes a budget contribution of around €550 million a year. It is calculated on a ratio of European economic area GDP to EU GDP. If that were scaled up for an economy the size of the United Kingdom, we would be paying €4.4 billion into the EU budget. That is a statistic which, during the in-out campaign—when it comes, as I am sure it will—I shall be putting across doorsteps and on the airwaves, although I am sure that people will be prepared to challenge it. Perhaps the hon. Member for Stockton South, whose Bill this is, will put the counter case. We have not heard much from him in this Committee; perhaps he would like to voice an opinion. As I say, statistics such as those will be bandied around. If amendment 67 is passed today we will have a mechanism for having that kind of discussion on an objective basis.

There are other examples, such as Switzerland, which likes to think of itself as very independent and whose financial services sector, in particular, has benefited from being able to write its own rules—although, increasingly, it is discovering that there is no such thing as a free lunch. Life will not always be that easy; it cannot go on writing the rule books itself, but will have to comply with increasingly rigorous control of fraud, transparency and so on. At the request of the EU, among others, Switzerland is having to amend its own financial services legislation.

The hon. Member for Luton North has raised an important point—that Norway and other nations make their contributions by choice. However, that choice is based on absolute economic necessity.

Emma Reynolds: The hon. Gentleman makes an important point. Although my hon. Friend the Member for Luton North says it is a choice, in order to negotiate access to the internal market, Norway has been obliged to take on those obligations. There is no such thing as a free lunch or free access to the biggest internal market in the world.

Martin Horwood: That is exactly right. The value of the single market is something that we need to look at comprehensively, quite separately from the budgetary contributions that we are expecting to make to the European Union, should we leave. That is the subject of probably the most important single amendment in this entire group, amendment 56, which says:

“At least 12 weeks in advance of the proposed polling day the Secretary of State”

—that would be either the Chancellor of the Exchequer or, more likely, the Secretary of State for Business, Innovation and Skills—

“shall publish a comprehensive report of the consequences of withdrawal from the European Union for the economy of the United Kingdom.”

There has been considerable debate about the pros and cons of membership. I would have thought that those in favour of withdrawal from the European Union would welcome some mechanism that tries to put such statistics on an objective basis. There has been wide debate about exactly how many jobs depend on European Union membership; some enthusiasts on the pro-European

side of the argument have quoted figures as high as 3.5 million. I hesitate to say that they would instantly disappear. However, if we were forced to withdraw from the single market, the scale of jobs linked to trade with other European Union member states—

Kelvin Hopkins: We have a gigantic trade deficit with the rest of the European Union, to the tune of £1 billion a week and more. That is the equivalent of a million jobs that we export to the European Union, rather than it giving to us. The EU needs us more than we need the EU.

Martin Horwood: I am not sure that that is true. I have heard the hon. Gentleman make that point many times on the Floor of the House, as well as in Committee. However, if one imagines what might happen if we were to have less access, or less preferential access, to the single market—if, for instance, there were changes to the rules linked to the development of the eurozone that excluded the City of London from euro trading or carbon trading in the emissions trading scheme—we can imagine that that trade deficit might actually lurch in the opposite direction to the one that he is expecting. There is no automatic rule that says if we leave the European Union the trade deficit is going to get better. The relationships between trading nations such as the United States and China are not always based on being part of the same single market.

Kelvin Hopkins: The European Union is highly unlikely to implement a trade war against us if it depends on us for a million jobs on the continent of Europe.

Martin Horwood: I am not sure that that is right. I do not think that it is at all likely that we will have a trade war in the slightly pejorative way that the hon. Gentleman describes. However, as with the United States and China, it is possible that considerable tension might come into the relationship. Norway and Switzerland do not pose any great financial threat or cost any particular opportunity to businesses in the eurozone or the core of the European Union. Therefore, in a sense, the European Union can be pretty relaxed about its trade relationship with those countries.

However, the EU might be slightly less relaxed with an economy the size of the United Kingdom. Especially in relation to slightly contentious areas such as the City of London and its access to eurozone trading, the European Union might be inclined to play hardball slightly more. There is no reason why there would not be a German lobby in favour of Frankfurt having a slightly bigger role, stepping up to the plate and aspiring to be a financial centre on the scale of London or New York in due course. It might see that as a great opportunity. That potentially is a difficult relationship to manage.

More deeply than that, there is the overall intertwining of the British economy with the European economy. The statistics are pretty staggering. It has been calculated—I realise that this will be contentious for the hon. Member for Luton North—that we benefit to the tune of £90 billion annually. If that is right, that translates to £3,300 per household every year.

The single market gives British companies free trade access to the world's biggest single market, worth nearly £12 trillion in gross domestic product, and to more than

500 million consumers. Nearly 50% of British trade, worth something between £400 billion and £450 billion a year, is with other EU member states. More than 100,000 British firms export to other EU countries, 94,000 of which are small and medium-sized enterprises. It is often said that the SME sector seems to be the least enthusiastic among business for membership of the European Union but I think that, once the debate becomes better informed, we might see the SME sector discovering which side its bread is buttered on and developing a new enthusiasm for the single market and membership of the EU.

Some 200,000 UK companies trade with the EU every year, one way or the other. More than 50% of foreign direct investment to the UK comes from other EU member states, which is worth something like £350 billion a year. More than 50% of companies investing in the UK cite the UK's membership of the single market as a core reason for investing in the UK.

There is good evidence that full access to the EU single market makes the UK a magnet for foreign companies locating in the UK. Between 1998 and 2011, 603 major foreign companies chose to locate their European headquarters in the UK. Would that process continue on the same level, not only if there were a new relationship between the UK and the European Union, but if fundamental uncertainty were introduced in the UK's relationship with the rest of Europe? If someone were choosing a long-term location for their European corporate headquarters, and they wanted to be at the heart of European decision making and business, would they choose London, Birmingham, Manchester or Leeds in the event that we leave the European Union and cast some doubt over our future trade relationship with the European Union? I am not sure that would be the case.

All those are, to an extent, assertions; I am taking the statistics and saying that therefore those things are at risk, because abandoning membership of the European Union would put them at risk. However, that is the whole point of the amendment—to use the resources of Government to place an objective report before Parliament that tries to make more objective some of the evidence relating to the issue.

The European Union's enlargement has also been hugely economically beneficial to the UK, because that is a process of expansion of the single market. UK exports to the 10 central and eastern European countries that have recently become part of the single market have trebled over the past 10 years to almost £12 billion. Once again, if we excuse ourselves from that process, it is not guaranteed that we will have that kind of benefit from the expansion of the European Union.

9.15 am

Business opinion is very much with us on this issue. Business believes that there is a serious risk in the debate about withdrawal, the referendum and the potential for exit. In the captains of industry poll, 73% of directors from FTSE 350 companies, from the top 500 industrials by turnover and from the top 100 financial companies by capital employed, agreed that leaving the EU would damage the UK economy. If results are restricted to interviews with FTSE 100 companies, the number rises to 85%.

It is important to have some process in place to evaluate the economic impact objectively, using Treasury models and other such resources, and to have some understanding of exactly how the negotiations for withdrawal will take place. I raised that issue in our debate yesterday. For instance, exactly when would the negotiation over the budget contribution take place? If we were going to have to negotiate such a deal with the European Union, would we have to do so in advance of the referendum, so that we had some idea of what we were voting on and what kind of relationship was really envisaged, or would it have to come afterwards, from the weakened negotiating position that that timing would entail? Our negotiators would then be appealing for mercy from the single market and appealing for access for British goods, and would not be negotiating from a position of strength.

I will not go into the same level of detail on the other amendments in the group, as I would use up too much of the Committee's time, but will touch briefly on each in turn. Amendment 51 would require the Secretary of State—again, that would probably the Secretary of State for Business, Innovation and Skills—to publish

“a comprehensive report of the consequences of withdrawal from the European Union on the free movement of goods, capital, people and services between the United Kingdom and the European Union.”

That report would cover matters such as, for instance, whether there would be some restrictions on the flow of business people from companies based in the European Union to the UK.

At the moment, the process for that is very easy. I have worked in businesses that employed European staff and we can employ European staff in this place without a second thought. Let us think back to the old days and the difficulties with bureaucracy, red tape, visas, and work permit requirements—in fact, that situation still applies to companies that are trying to recruit people from outside the European Union—that had to be gone through; those are serious obstacles to the easy running of a business, especially something such as a European headquarters, in which a high proportion of the staff would probably be European nationals but might not be British nationals. That would give serious pause for thought to investors and companies thinking about locating in the UK. For that reason, we need a report on the consequences of withdrawal for the free movement of goods, capital, people and services as set out in the amendment. The single market implications would be similar to those in the economic report, and there could be some overlap there.

Amendments 52 and 53 are closely linked and concern our relationship with world trade in the context of the European Union. We gain enormously from the negotiating power of the whole European Union—that £12 trillion single economy—with regard to our position within the World Trade Organisation. The common consensus is that WTO talks are grinding rather slowly into the ground, so it is almost more important that the European Union is proceeding with a number of bilateral negotiations for free trade agreements; for instance, right now there are enormous opportunities on offer with the free trade agreement with South Korea. It is not at all clear whether we would still automatically benefit from those free trade agreements should we leave the EU. I am sure that situation could be objectively analysed and reported to Parliament.

More important perhaps are potential future free trade agreements with important emerging economies such as India, Vietnam and Brazil, with the Latin American free trade area, Mercosur, as well as with major existing developed economies such as the USA, Japan and Canada.

Emma Reynolds: Given that the Obama Administration have made it clear that they would like to see the EU-US FTA agreed within two years, by the time we arrive at this point in the procedure—should the Bill become an Act—the EU-US FTA could already be in place, so there could be an objective analysis of what could be lost if we were to leave the European Union.

Martin Horwood: In fact, that takes us back to yesterday's discussion about the overlap of the referendum campaign with Britain's presidency of the European Union. Can we imagine a situation in which a British presidency was celebrating the signing of the free trade agreement with the United States and simultaneously planning to withdraw from the European Union? That would be an obvious opportunity for negotiators on the other side of all these free trade agreements to say, “We just want to introduce a couple of little exclusions and amendments to this deal; they relate to the United Kingdom, because the UK is on its way out.” They might want to protect their insurance or IT industries and perhaps their creative industries from competition from the UK, which is rather good at such things.

There would be opportunities for negotiators on the other side of the negotiations to introduce new complications and levers with which to extract a deal from the European Union. What incentive would European Union negotiators have at that point to protect Britain's interests if Britain was intent on leaving the EU, or appeared to be intent on leaving? Perhaps that is negative speculation, but that is why we should have reports such as those envisaged in amendments 52 and 53, which would set out the legal and economic consequences of withdrawal on the UK's participation in external trade agreements and on our representation at the World Trade Organisation.

Amendment 54 deals with the implications of our withdrawal from the European Union on UK representation at the United Nations framework convention on climate change. In this case, it would be the Secretary of State for Energy and Climate Change who would produce the report. I had the privilege of taking part in the negotiations at Cancun in 2010. It ought to have been a nice summery winter break, but we were so scared of *Daily Mail* photographers we were not allowed to go anywhere near a swimming pool or deckchair for the entire conference. We spent all our time in something like an aircraft hangar, negotiating climate change.

The process was very instructive. My then colleague and friend, Chris Huhne—he was a colleague and remains a friend, despite his slight mishaps—played a central role. I hope that his career and his contribution to this place will be remembered. I hope he will be remembered for the roles he played, such as in Cancun, and not for what happened subsequently and the meltdown in his political career. He played a very important role at that conference, effectively performing shuttle diplomacy between the Chinese and the Americans.

I had always thought “top table” was simply a turn of phrase until I saw the various delegates gathered round a table, with Chris Huhne representing, in effect, the European Union position. The Chinese, Americans and other participants were in that conversation. He was trying to keep what was at that stage a fragile-looking process, if hon. Members cast their mind back to 2010, on track. Britain played a key role in the Cancun conference on the UNFCCC, but we did so because we were part of the European Union. We were accorded that importance by other major economies and participants because of our links to the EU. The fact that the European Union went to that conference with a common position, and that a major economy like the United Kingdom shared that common position, was critical to our role. It meant that some of the priorities that the UK took to the conference could be highlighted—for instance, on a more high-minded level, the balance between mitigation and adaptation, where we and other progressive states pressed hard for a high proportion of UN climate finance to be spent on adaptation and to actually go to developing countries that were already facing the brunt of climate change to help them to adapt. That is indeed how we are now trying to steer UN climate funds. On a less high-minded level, British commercial and economic interests could have been at stake in those negotiations, and could in future be at stake in the UNFCCC negotiations.

In effect, if the EU torch is handed to someone else to carry at those negotiations, what are the implications for the UK? What are the implications for our vision of how UN conventions on climate change, the protocols and the next stage of the global battle against climate change are fought? What are the implications for the UK economy of that reduced role?

Turning to amendment 55, the hon. Member for Glasgow North East said he would stay awake over the summer and devote his reading to the semester reports on the balance of competences review. That cannot have been the most enjoyable summer holiday he has had. The Government have devoted considerable resources to the balance of competences review and are progressing with it in an informative and authoritative way. It is a helpful exercise on which it is surprisingly easy for Conservative and Liberal Democrat members of the coalition, who may not have the same prejudices about the EU, to reach an objective view on which things are best done at European level, which are best done at national and local level, and which we would seek to change.

It is interesting that other European countries are starting to discuss similar exercises. There is even talk of a Europe-wide equivalent of the balance of competences review, yet we are seriously contemplating withdrawing from all the things that we have just decided that it would be a good idea to do at European level. Again, based on the work of the balance of competences review that has already been done, the Secretary of State—or he might be lucky and have it delegated to the Europe Minister—should publish a comprehensive report on the consequences of withdrawal for the competences we have identified as best carried out at European level, and how are we going to compensate for what we must logically presume is the disadvantage of withdrawal from the EU.

Emma Reynolds: On amendment 55, it is worth clarifying the difference between carrying out, as the Government are, a balance of competences review, which is a thorough review of competences at EU level to which we contribute, and actually assessing the consequences of leaving. That is the big difference between the Government’s work that kept my hon. Friend the Member for Glasgow North East happy in his reading hours over the summer, and the hon. Gentleman’s proposal for a report on the consequences of withdrawal.

Martin Horwood: Yes, again that touches on the debate we had yesterday on whether we should be talking about a neutral exercise on whether the UK should be a member of the EU or not, as if those were two quite equal things, or whether the wording should reflect that. A massive change in the status quo is being contemplated, with enormous possible consequences. The balance of competences review has been a fairly neutral exercise about where we would like the balance of competence to lie. Withdrawal would be quite a different proposition, and we would be talking about abandoning those competences at European level altogether.

Amendment 57 would require the Secretary of State for Energy and Climate Change to

“publish a comprehensive report of the environmental, legal and economic consequences of withdrawal from the European Union on the United Kingdom’s participation in the EU Emissions Trading Scheme”.

The emissions trading scheme has its flaws, and the state of the carbon price in recent months, even years, suggests that fundamentally it is not working. I was a member of the Select Committee on Environmental Audit that carried out a review, even at a slightly healthier carbon price, that suggested that the ETS was not going to meet its ultimate targets of reducing carbon emissions by the necessary amount. There are critics of the ETS, yet we have been its advocate. It is in our interest to argue for the tightening of licensing under the ETS and for greater auctioning of those licences, and to try to pull in those states that, under the cover of recession and economic difficulty, may have got away with much higher ceilings on licences than is desirable for the long-term decarbonisation of the European economy. That is, of course, in all our interests, because it is in all our interests to fight climate change and to achieve decarbonisation.

9.30 am

Britain has participated in the trading of carbon permits, so jobs have been associated with the operation of the ETS. In fact, London has become a centre for carbon trading on that basis. The ETS is a model for other parts of the world trying to set up their own carbon trading schemes. At some stage, such schemes could link up and we could see the emergence of a true global carbon market, perhaps with London at its centre. I suspect that the chances of London being at the centre are not very high if in the meantime we have withdrawn from the ETS. Again, we must talk through the implications of the UK exiting the ETS scheme.

Above all, businesses want certainty. They do not necessarily want preferential treatment, but they do want certainty. They want the rules of the playing field to be set out well in advance so that they know what decisions they are taking. Businesses will want to know the situation regarding the ETS. If there is the possibility

[*Martin Horwood*]

of withdrawal a few years down the line, it is critical that someone in a relatively carbon-intensive business knows the implications of the discussions we are having about withdrawal from the European Union and therefore the ETS.

Amendment 58 discusses our participation in Frontex, which is the Europe-wide attempt at a shared approach to the control of illegal migration and better security at Europe's borders, especially for those states that face unusual challenges, such as the plethora of islands in the Aegean. It is important—and for those members of the Conservative party who bang on about immigration almost as much as they bang on about Europe it is presumably very important—that we establish what exactly is going to be the relationship with Frontex and exactly how much we are going to have to pay for the services of Frontex in controlling migration if we want to preserve the free movement of people within the European Union. All those things are interlinked, and if we start to unravel the networks, it is clear that there could be dangerous implications for the United Kingdom in the control of illegal migration. I am therefore sure that Conservative Members in particular will be very supportive of amendment 58, or they should be, in order to see a comprehensive report on the consequences of withdrawal on co-operation with Frontex.

Amendments 59 and 60 deal with EU justice and security co-operation: our participation in Europol in amendment 59, and in Eurojust in amendment 60. I imagine that the relevant Secretaries of State would be the Home Secretary and the Justice Secretary. There are many examples of the benefits of the European arrest warrant and of participation in Europol and Eurojust, and of how cross-border co-operation in tackling crime that does not observe national boundaries has become very important.

For example, in August 2011 in my own county, Gloucestershire, someone was arrested for conspiracy to perpetrate slavery as part of an operation targeting slavery, servitude and forced labour. Following work by, I am proud to say, Gloucestershire constabulary, a 19-year-old man from Gloucestershire was arrested in Copenhagen by Danish police acting on a European arrest warrant. He was then escorted back to the UK by Gloucestershire police officers. That was a co-ordinated operation which, I am sure, used Europol's services. There are plenty of other examples.

A number of police chiefs and former police chiefs expressed strong views to the Prime Minister and the Deputy Prime Minister last year in a letter signed by Lord Blair, the former Metropolitan Police Commissioner; Sir Stephen Lander, former head of MI5 and chair of the Serious Organised Crime Agency; Lord Imbert, Commissioner of the Met from 1987 to 1993; Robert Wardle, former Serious Fraud Office director; and a series of other Queen's counsel, former police officers and senior experts on crime and policing. They wrote to the Prime Minister and the Deputy Prime Minister about the risks of withdrawing from things such as Europol and Eurojust:

“Britain has been a leader in this area over many years, driving forward work to build a modern international policing and judicial tool kit, building cooperative networks and raising standards across Europe. Today, a former British law enforcement officer is

the Director of Europe's Police Intelligence Agency (Europol); a senior British prosecutor has just completed a two year Presidency of the European Judicial Cooperation Unit, (Eurojust); and Britain hosts the European Police College, training officers across Europe in modern international policing techniques. British law enforcement bodies are now constantly communicating, cooperating and collaborating with EU agencies and other national policing partners in pursuing serious organised criminal and terrorist networks.”

Withdrawal will affect not just our ability to tackle people trafficking and anti-slavery operations but our ability to work on drug cartels, counter-terrorism and more routine forms of crime—the horsemeat scandal almost immediately involved Europol, which tracked down networks of suppliers and possible criminal involvement in the scandal. Therefore, our participation in Europol is very important.

It has often been said that in theory we could re-establish those bilateral relationships without being part of the EU. However, we know from the past that those bilateral relationships can be weak. We all remember the example of the “costa del crime”, where British villains appeared to be able to sit with complete impunity on the beaches of the Costa del Sol without fear of arrest. We do not want to go back to those days.

I have tried to persuade campaigners in the Liberal Democrats that we should be running strap lines on leaflets saying “Tories soft on crime” for questioning our membership of Europol and Eurojust. However, the Government have committed themselves strongly to participation and collaboration with Europol. We want to understand the implications of withdrawal on our co-operation with Europol and Eurojust.

I have taken up a lot of the Committee's time; I will quickly refer to the other amendments. Amendment 61 is about our participation in the Schengen information system. Amendment 62, which is relevant to what I have been discussing, is about the consequences of withdrawal for Britain's participation in the European arrest warrant. Amendment 63 is about the report required on the implications of withdrawal for EU research and development funding in the UK. Amendment 64 deals with European structural and investment funding in the United Kingdom, which has benefited many regions in the UK. Amendment 65 deals with the necessity of a report on the economic consequences of withdrawal from the EU for European Investment Bank funding in the UK.

Amendment 66 deals with the consequences for the agricultural sector of withdrawal from the common agricultural policy. Opinions in the agricultural sector are mixed on the benefits of the common agricultural policy, but it has been reformed considerably in recent years. There is now more emphasis on the stewardship of the land, environmental consequences and so on. Those consequences need to be thought through, in addition to the economic consequences, which may not be severe for those who feel they are able to compete in the European agricultural market, but will be more difficult for those in marginal farming areas who benefit significantly from the common agricultural policy.

Kelvin Hopkins: I have called many times for the common agricultural policy to be abandoned—certainly by Britain. If we withdrew from the CAP and subsidised our farmers at exactly the same level, we would benefit

enormously financially. We could also target subsidies more effectively and more appropriately if we had control of our own agricultural policy.

Martin Horwood: That is not an unreasonable argument for trying to gain more national control over agricultural subsidies. If we want access to a single market in agricultural produce, however, we need to ensure that we comply with its rules. We would not have any control over the rules of the single market if we withdrew, so we might be at serious risk of having to keep the subsidies rolling even when we were denied full access to the single market for European agricultural produce because we had deviated from the rules. A risk factor would be introduced. However, the hon. Gentleman makes a reasonable case perhaps for the whole European Union to look at the fundamental need for the common agricultural policy in its current form. The parallel to that is the common fisheries policy, which was in the end felt to be burdensome.

All such policies had good origins and a good rationale at the beginning in trying to maintain Europe's food security. The origins of the CAP were in trying to maintain Europe's food security after the second world war, when the issue was serious, but such things have a shelf life and can perhaps be reformed. The CFP has indeed been reformed and decision making has been brought much closer to the national level.

Kelvin Hopkins: I hesitate to prolong the hon. Gentleman's speech, but I must comment on the common fisheries policy, which is the worst of all the European Union's policies. We have seen some reforms and I give credit to the Minister who dealt with them, but we are nowhere near where we should be. We will get a fisheries policy that works and sees the seas restocked only when member states get control of their own fisheries and are responsible for husbanding them.

Martin Horwood: There is control—and control. There is the kind of control that is envisaged in reforms to the common fisheries policy, which would bring decision making closer to national and local levels, but a free-for-all in European fisheries might actually threaten our fishing industry. I am not sure that all Norwegian and Icelandic fishermen would necessarily think that a complete free-for-all whereby Spanish trawlers and others could exploit their fisheries in a less inhibited way would be positive. There is some argument for a degree of continental control that maintains fish stocks and examines fishing rights to try to protect the rights of various domestic fishing industries, but that would become more difficult, so there is certainly a risk here.

I am arguing, if we take fisheries as including agriculture for the sake of argument, that we should have reports laid before Parliament that actually talk through the implications of such proposals. Perhaps the hon. Gentleman is right that there would be a massive benefit, but that would be one of the subjects of any report laid before Parliament, so perhaps he should support the amendment.

Hon. Members will be pleased to hear that I have reached my last two amendments. Amendments 69 and 70 examine our withdrawal from the common foreign and security policy and the common security and defence policy, which is different. We need to consider

the implications for the United Kingdom and our role in the world of withdrawal from the European Union. Positive benefits of our membership include our being able to take part in important operations such as Operation Atalanta, which is making a massive contribution to anti-piracy operations in the Indian ocean and protecting British and others' shipping. Other benefits include the military training mission in Mali, in which we are taking part under the auspices of the European Union and where we are helping to train up and make more resilient the official armed forces of that beleaguered country. We must also bear in mind the simple economic and cost-saving opportunities that have been delivered by consular co-operation in many countries. We are using other European Union members to deliver our consular services, while in future we might look at more shared consular and ambassadorial services, and consider more co-operation in respect of international development and how best to spend our scarce funds on overseas aid. There is a range of possible implications of withdrawing from the European Union in various areas of common foreign, security and defence policies.

9.45 am

The amendments are important. They would play a part in ensuring that an informed debate was generated on the basis of real evidence and an objective assessment of real implications, not prejudices or perhaps hysterical accusations. I suspect that Mr Nigel Farage would not particularly welcome such proposals. He has the approach to evidence of a bloke in the pub with a pint in his hand and a fag in his mouth.

The country desperately needs a proper debate on the implications of withdrawal from the European Union, which would be absolutely critical in the run-up to an in/out referendum. I hope that all members of the Committee will welcome the amendments. Amendment 72, which was tabled by the hon. Member for Wolverhampton North East, is set out in a similar vein, so some of my arguments might be rehearsed in the debate. I commend the amendments to the Committee.

Emma Reynolds: It is a pleasure to serve under your chairmanship again, Mr Benton.

We are sympathetic to the amendments tabled by the hon. Member for Cheltenham. He is right that, if the Bill becomes an Act and a referendum takes place before the end of 2017, it is essential, as he set out so eloquently, that there is an informed debate in the country about such matters as the advantages and disadvantages of remaining in the European Union and what the option of coming out of the EU would look like. Would we still have access to the internal market? What would withdrawal mean in terms of our budgetary contribution? We know full well, as the hon. Gentleman stated, that although Norway is not a member of the EU, it always contributes to the EU budget.

As the hon. Gentleman's amendments set out, it is essential that the Government publish a comprehensive report at least 12 weeks in advance of polling day. That seems a reasonable period. The Government might even want to publish a report 20 weeks before polling day. Such matters are an essential part of the debate that would take place if the Bill were enacted and there was a referendum.

[*Emma Reynolds*]

There is another reason why I welcome the amendments: when I tabled a parliamentary question to the Minister for Europe to ask what assessment the Government had made of the risks of leaving the European Union, the Government refused to answer. In response to my freedom of information request, they said that there was a report on the risks of leaving dating back to 2012, but that they were not willing to release it.

I also asked about contingency plans for leaving the European Union—my question was related to the amendments, in that it was about the consequences of withdrawal—and the Minister for Europe’s answer was that the Government had no contingency plans for leaving the European Union because they regarded our membership as in the national interest. That is certainly a comfort to me as a pro-European, but I am sure that it is not a great comfort to Conservative Back Benchers, given that they take a different position.

Martin Horwood: While the hon. Lady maintains that that is a comforting position for those of us who would argue for Britain remaining in the European Union—I am sure, in one sense, that she is right—it highlights that the implications of us voting to leave would be even more catastrophic were no contingency plans made for that. We would be sending ourselves headlong into an unprecedented catastrophe in our economic, political and diplomatic relationships, as well as many others.

Emma Reynolds: The hon. Gentleman makes a valid point. The Prime Minister’s so-called Bloomberg speech in January on our membership of the EU was along the same lines. The Prime Minister and those pro-Europeans on the Conservative side of the Government—I do not know about the Liberal Democrat side—such as the Minister, do not want to contemplate leaving, even though many Conservative MPs and lay members of the Conservative party want the Government to take us out of the European Union.

The promise of a referendum in four years’ time is kicking the can of what could happen down the road. Either the Government of today or the Government of 2017, if the referendum takes place, should make, as in the spirit of the hon. Gentleman’s amendments, an objective assessment of the risks of leaving, yet the Government refuse to do so at this time. I have tried in many different ways to encourage them gently to do so, but it seems that they are not willing. Perhaps they have information about the risks of leaving that they do not want to release for political reasons. I agree with him that that information should be released before polling day, should there be a referendum, which is why his amendments are so important. I have already tried to extricate that information from the Government, but they are unwilling to release it. They may not have carried out work in great detail. However, as he said, it would need to be done in great detail and released into the public domain so that the public may make an informed decision on whether we should leave the European Union. This is an important issue of national interest.

I also welcome the fact that the hon. Gentleman’s amendments cover a wide range of policy areas. As we debated during our previous sitting, the question of our

EU membership touches on many aspects of the Government and has an impact on every Department. He talked about relevant Secretaries of State producing the reports so that each Department would be obliged to think through in detail the advantages of staying in and the risks of leaving, which I would welcome. They should be encouraged to use the Government’s resources to bring together a body of evidence that is as objective as possible and to set out an assessment of the implications of leaving and of staying for the Departments.

Martin Horwood: The hon. Lady is underlining the fact that the Departments would probably have to do the work in any case. If there was a realistic prospect of a referendum taking place and of a vote for a British exit, a responsible civil service would tell Ministers that they had to think through its implications. In a sense, the issue is whether the information will be laid before Parliament and shared with MPs, the British public and the media.

Emma Reynolds: The hon. Gentleman makes a valid point. One would hope that the Government would do the work anyway, but the important thing, as he says, is for that information to be available to Parliament and the public at large, because ultimately the public will decide.

It is useful that the hon. Gentleman’s amendments set out a time scale because that would focus the Government’s mind. Otherwise, some assiduous Departments that are focused on EU matters might produce a report in a certain time, but others could do so later. However, we would want a minimum period in which the public and Parliament could consider the reports, so I welcome the 12-week provision. I might prefer a long period, but that time scale is more or less okay. It is good to have a deadline so that some Departments do not drag their heels and produce something too late for people’s consideration.

Amendment 56 is one of the most important of the hon. Gentleman’s amendments because it would require the Secretary of State to

“publish a comprehensive report of the consequences of withdrawal from the European Union for the economy of the United Kingdom”. That would be vital, because withdrawal from the European Union would have grave negative economic consequences. Prior to a referendum, many people would consider the economic consequences of staying in or leaving, as is happening with the current debate in Scotland. It is not a surprise that there is great focus on the economy. We might say that the issue is the economy, but other people might call it their jobs and living standards, or the cost of living. Those are relevant to all our constituents.

The UK’s biggest trading partner is the rest of the European Union and, as the hon. Gentleman said, more than 50% of our foreign direct investment comes from other EU member states. Such facts should be put clearly to the British people so that they are informed before they take a decision in a referendum. As he pointed out, the single market of the European Union is the biggest in the world, with 500 million consumers and 28 member states, following Croatia’s accession in July.

Amendment 52, which relates to European free trade agreements, reminds us that our membership of the EU is essential to prise open markets in emerging markets

and, as the hon. Gentleman said, existing economies such as the United States and Canada. An EU free trade agreement with Canada is pretty much done, except for a few sticky issues. I hope that the negotiations will conclude soon and that the EU-US agreement will conclude within two years, as under the timetable set out by the Obama Administration. People have a right to know the benefits of those free trade agreements with such large economies—the US economy is still the largest in the world—and the implications of a decision to leave the EU for our trading arrangements with those economies.

Mr Bain: Perhaps I may share with the Committee a detail that came out of one of the Scotland analysis papers that were published yesterday about the macro-economics and fiscal performance of the UK as a single market. That report revealed that physical barriers between the United States and Canada—there is not a complete single market as in the EU—have resulted in lower trade in the past few decades. Is not there a need for such evidence to come out, and would not the amendments create a process whereby the British public would be given that information?

Emma Reynolds: That is right. Our single market, and particularly the single market in goods, has been a great success. We might compare it with other regions of the world that have not had a successful single market in goods. There is the North American Free Trade Agreement, but there have been different degrees of success with such agreements. Obviously, in the EU, we have a much more integrated way of producing a single market.

10 am

There are, however, other regions around the world—ASEAN for the south-east Asian economies, or economies in Latin America—that are looking at the success of the EU's single market in goods, in particular, seeing what lessons they can learn and being inspired. At the moment, there are lots of headlines about difficulties within the eurozone, but let us not forget that the single market in goods in the EU acts as an inspiration to countries around the world that are attempting to come together to act along similar lines.

The fact that we have created that single market should be celebrated and emphasised in the reports proposed by the amendments tabled by the hon. Member for Cheltenham. Such reports should be considered clearly and carefully, and the objective facts should be set out in terms of what we could lose, should people vote to leave the European Union.

Some Eurosceptics say that we should trade with the rest of the world, rather than the rest of Europe. That is a false choice, although the hon. Member for Cannock Chase might take a different position.

Kelvin Hopkins *rose*—

Emma Reynolds: And my hon. Friend the Member for Luton North, for that matter.

Kelvin Hopkins: It really is a canard to suggest that if we leave the European Union, we will not trade with it—that is absolute nonsense. I have mentioned many

times that we import gigantic amounts from the European Union, and it depends more on us to buy its BMWs and other wonderful vehicles than we depend on it.

Emma Reynolds: I tend to agree with the hon. Member for Cheltenham rather than my hon. Friend the Member for Luton North on this point. The idea that other EU member states are more reliant on us than we are on them is a fallacy. There is interdependence between our economies and while it is true that we have had a consistent trade deficit in goods—specifically with Germany, but also internationally—we do have a trade surplus in services, so there are two sides to the story. The point I am trying to make is that there are some Eurosceptics, although perhaps not my hon. Friend, who say that we should choose to trade with India, South Korea, Brazil, Russia, China and Indonesia—all the emerging economies—and focus our efforts on them, rather than the European Union.

Gavin Williamson (South Staffordshire) (Con): For the record, will the hon. Lady be kind enough to state the year in which we last had a trade surplus with the rest of the European Union?

Emma Reynolds: I welcome the contribution of the hon. Gentleman, who is my parliamentary neighbour. It is great to hear from him in this Committee and I would welcome more interventions from him. The point I was making was that there is a difference—

Gavin Williamson: Just the year.

Emma Reynolds: I am coming to that. My point, as I said in my speech—I am sure that the hon. Gentleman was listening clearly—is that there is a difference between the trade deficit in goods, which we have had throughout this Government, as we did throughout our Government, as far as I am aware, and the trade surplus in services.

Gavin Williamson: Overall.

Emma Reynolds: Well, it will depend. I do not have the statistics in front of me, but perhaps the hon. Gentleman would like to do some research and let the Committee know. I would welcome a speech from him—it would be remarkable in this Committee to hear a speech from a Conservative Member other than the Minister for Europe. I am sure that all Labour and Liberal Democrat Members would welcome that.

The point I was attempting to make was that trading with the rest of the EU or trading with the world's emerging economies is a false choice. Our membership of the EU means that we have a much more powerful collective negotiating position, especially with big countries with huge economies such as India and the United States. If the UK were to attempt to go it alone—if we were to leave the EU and to negotiate our own free trade agreements with these massive economies—I doubt that we would have the negotiating power to achieve a trade agreement that really benefits us in the way we would like. Is the way we see free trade agreements being negotiated between the EU and other big economies around the world ambitious? The collective negotiating power of the biggest single market in the world is not something that should be overlooked.

[*Emma Reynolds*]

As the hon. Member for Cheltenham pointed out, the world trade rounds are not going very well. There seems to be an international consensus that, given the breakdown of recent negotiations, there will be an increased focus on regionalisation, as an international trade round does not seem to be an objective that will succeed. We should do both. We should continue to trade intensively with the rest of Europe and to increase our trade with emerging economies and established big economies around the world, such as the United States. The hon. Member for South Staffordshire, whose constituency borders mine, will know of the benefit of foreign direct investment. Jaguar Land Rover is building a massive engine plant in his constituency, which I hope will bring great benefits to his constituents and to mine not only in the form of jobs, but through the supply chain and the wider economy.

Jaguar Land Rover kept its name, but it is now Indian-owned. Big international companies see how our country is a gateway to the rest of the European Union. There are reports in the press only today of various banks saying that they would think again about investing in the UK if we were not a member of the EU. Like the hon. Member for South Staffordshire, I am heartened that Jaguar Land Rover took the decision to base its new engine plant in his constituency, not far from mine, but I fear that such decisions might be in jeopardy should our membership of the European Union be at risk or if we left the EU after a referendum. There are businesses that have said the same thing. The hon. Member for Cheltenham will know better than me that the Business Secretary himself said that uncertainty is the enemy of investment. So did Martin Sorrell, who said:

“the impact of departure on Britain’s economic health doesn’t need spelling out.”

Business voices in manufacturing and services have warned against the UK leaving the European Union, and the hon. Gentleman’s amendments set out considerations that should be put to the British people, should there be a referendum in the time frame envisaged by the Bill.

I also welcome the amendments’ emphasis on justice and home affairs. As the hon. Gentleman set out, this is an area in which the UK has recently been a leader. Under the previous Labour Government, we were at the heart of negotiations with EU partners to ensure that police forces and border guards co-operated more closely. The fight against crime is being carried out on a cross-border basis. It seems pretty obvious that we cannot fight cross-border crime without co-operating with our neighbours, and the European Union enables us to do that in a way that other countries in the world cannot.

The European arrest warrant, mentioned in amendment 62, is particularly important. The House of Lords produced a thorough report on the warrant and other issues because of the Government’s impending decision on which directives to opt into or out of. It was pointed out in the report that the Association of Chief Police Officers, the intelligence services and others have underlined that should the UK fail to negotiate to remain part of the European arrest warrant—we understand that the Government intend to attempt to negotiate to remain

part of it, but whether they will remain to be seen—the UK would become a safe haven for criminals from other member states.

As the hon. Gentleman pointed out, prior to this EU-level co-ordination, the extradition of foreign criminals was extremely difficult. The French Government of the 1980s and 1990s were extremely frustrated by the fact that the main suspect of the Paris metro bombing was not extradited from the UK for some 10 years; that demonstrates that bilateral arrangements in this area are insufficient. Recent examples of criminals whom we have wanted to bring back to the UK to face justice—the failed bomber who was brought back from Rome quickly once he was identified, the well-known fugitive in Spain who was hunted down by the Spanish police while he sunned himself by a swimming pool and who was quickly extradited back to the UK, and the teacher who abducted a 15-year-old schoolgirl and was identified in France soon after he had taken her across the border—serve to show that the European arrest warrant is indeed in our national interest.

It is ironic that some Conservative Members take a hard line when discussing crime and justice, but suddenly see red when discussing a European process for making it easier to bring criminals back to face justice, and decide that it is not in our national interest because the word “Europe” is in there somewhere. They are resistant to any European measures.

Mr Bain: Is not the point that the contortions in which the Government have found themselves over justice and home affairs—announcing to the House their desire to opt out of the entire *acquis communautaire*, and then saying that they will announce at an unspecified later date the parts that they want to opt back into—would be even worse were Britain to withdraw from the EU? The problems would be writ even larger, because that would involve not only justice and home affairs, but also trade, fisheries, agriculture and all the areas of policy in which the EU has a competence. Is it not incumbent on the Government, to avoid the mess that they have got themselves into on justice and home affairs, to set out what the implications would be of opting out of the *acquis* and then opting into certain parts, if that proved possible, following negotiations in Brussels?

Emma Reynolds: My hon. Friend makes an interesting reference to the situation that the Government have got themselves into over the justice and home affairs measures that they must negotiate their way back into, should they wish to be part of them. We do not know how many measures that will be, but they have chosen to use the block opt-out and then to opt back in, which is open to negotiation with both the European Commission and other member states. We might find a similar situation should the UK embark on the process of leaving the EU. We might, like Norway, be able to participate in some legislation, but we would not have a vote, because we would not have permanent representation in Brussels, a Commissioner at the European Commission or Members in the European Parliament. The Government of the day might still want to be involved in Europol and the European arrest warrant, and might try to negotiate on them, but they will have few bargaining chips in their hand. My hon. Friend’s point is instructive

to our debate, as there is a parallel between the Government's current negotiations on justice and home affairs and what we could see in other areas in the future.

10.15 am

As the hon. Member for Cheltenham said, Europol is extremely important to our national security. The head of Europol is a Brit, and he is doing a fantastic job. It is important to note that when the horse meat scandal broke out earlier this year, the Secretary of State for Environment, Food and Rural Affairs, a well-known Eurosceptic, sang the praises of Europol and travelled to Brussels to demand that the Council of the European Union take action to root out fraud. Even some Conservative Eurosceptics, and even that Secretary of State, when it comes to specific problems that our country faces, seem to appreciate that European co-ordination helps us to tackle those problems. As I said, that Secretary of State was complimentary about Europol and said that it was the only body that could identify and help fight fraud in that particular case.

The hon. Member for Cheltenham is right to table amendments that are about not just the economy. As I said, the economic consequences are particularly important at the moment and are high on people's list of priorities, but other areas, such as justice and home affairs, are also important. He tabled amendments 69 and 70. As he said, it is important to consider the consequences of withdrawal for the UK's participation in the EU's common foreign and security policy and common security and defence policy. The UK has been a leading light in those areas, along with France. We are a member of the United Nations Security Council because we have a tradition of being strong in the world on foreign policy. If we left the European Union, our role in the world would be greatly diminished. Those considerations should be put before the British people, should there be a referendum.

It is not just people in the UK who are warning about what would happen to the UK's role in the world should we leave the EU. President Obama himself has warned about what it might mean for the special relationship between the UK and the US. Presidents Bush, Clinton and others, including President Obama, have consistently regarded the UK as a bridge to the rest of Europe. More recently, the new American ambassador to the UK, Matthew Barzun, said:

"We would benefit by a really strong UK voice in a strong EU... We like a cohesive, strong Europe that is working with us around the world."

The clear message from Philip Gordon, Assistant Secretary of State in the American version of the Foreign and Commonwealth Office, who is in charge of European affairs, was that one reason for the close relationship between our countries is the UK's membership of the European Union. The US believes that our membership is an asset to the UK and our relationship with it. The US has left us in no doubt about what it thinks.

A former British ambassador to Washington, Sir David Manning, recently wrote:

"Outside the EU, our influence in Europe would be sharply diminished; but so it would be in the United States. The risk to the UK of leaving the European Union is of a rapid drift into international irrelevance."

The voices of experienced diplomats for Governments around the world should be gathered together in a report, as proposed in amendments 69 and 70, which should be taken on board in the debate in Parliament and the wider country if a referendum takes place.

I want to comment briefly on amendment 87, tabled by my hon. Friend the Member for Huddersfield, who unfortunately could not be here this morning. His amendment, like the amendments tabled by the hon. Member for Cheltenham, refers to the Government laying before Parliament a report on EU competences under the current treaty and the treaty on the functioning of the EU which the Government intend to repatriate from the EU to the UK.

If the Conservative party wins the next election—I am speaking hypothetically because we are in the business of preventing that—it will have to make it clear before or after the election which powers it will seek to repatriate. The Prime Minister was deliberately vague in his Bloomberg speech in January. He talked about reforming the EU and a more competitive and flexible EU. We agree with that, but he did not use the word "repatriation" in that speech, although he has used it in parliamentary debates and, I believe, when talking to his Members of Parliament.

As the hon. Member for Cheltenham said, if a referendum takes place, we would need an assessment of the options—in or out—and the amendment seeks to clarify what "in" will mean in terms of repatriation if the Conservative party is in government then. Some Conservative Members have drawn up a shopping list of areas they would like to repatriate from the EU. At the top of that list apparently is the repatriation of employment and social affairs. We would oppose that, and perhaps even my hon. Friend the Member for Luton North might oppose it. I may be tempting him to comment—or perhaps not.

I am my party's spokesman on Europe and we passionately believe that the Conservative claim that repatriating powers in this area would be returning powers from Brussels to Westminster is hiding the truth that repatriation would take power and rights from working people. Let us not forget that some of the directives set basic minimum standards. For example, the European directive on parental leave sets minimum periods of parental leave and many member states, including our own, have gone beyond those in their legislation.

Kelvin Hopkins: Employment law is simple: if we have a Labour Government, we can implement progressive employment law for workers and trade unions, which I have advocated for many years, without having to depend on the European Union. Indeed, we could go beyond the EU minimum as some countries have already done, as my hon. Friend said. It is our duty as a national Parliament to ensure that our workers and trade unions are protected.

Emma Reynolds: There is probably more common ground between my hon. Friend and me in this area than in some others. Of course, Labour Governments in our country have always legislated—and will always do so—in a progressive way on trade union rights and workers' rights. That would be fine if the UK was not a big trading nation and not one of the most open economies

[*Emma Reynolds*]

in the world, but what complicates these matters is the fact that workers cross borders. Not only do British workers go to work in other member states, but European workers come to work in the UK, so there is tension between the free movement of goods and the free movement of people.

We saw that only a few years ago when we were in power and Spanish and Italian workers were working here in an oil refinery and questions were asked as to whether they were getting minimum standards. By applying minimum standards across the EU, we have at least got a level playing field at that minimum level. We will not always avoid tension—that case did not escalate to conflict, and the trade unions played a constructive role in that dispute—but having some minimum standards helps to try to manage those tensions.

Martin Horwood: Is not another advantage of having an agreed framework of progressive employment legislation the fact that it prevents the argument that such legislation would somehow cost jobs? If we abandoned that common framework, an argument against a—hypothetical—Labour Government who were trying to introduce even more progressive legislation might be made that that would cost British jobs, as there would be potential to transfer those jobs to a less generous employment regime across the English channel.

Emma Reynolds: That is absolutely right. This is a complicated area because on the one hand there should be, as the hon. Gentleman points out, a minimum standards framework in which all member states operate, but it is also true that welfare state and employment protections differ across member states. There is a great variety of models and diversity in protection.

The EU should do better in making sure that workers coming into a country should be treated in the same way as domestic workers. International companies should respect the full body of employment law of that member state—I hope that my hon. Friend the Member for Luton North would agree. The EU has the power to make sure that that happens, but there have been incidences where there has been difficulty in that area. It is a difficult area and it is a priority for trade unions that the European Union should again put economic freedoms and social protections on the same level.

One of the rulings that came out of the Viking and Laval cases was that economic freedom would trump national collective rules in employment. That worries me, and I hope that it can be rectified, but it is the European Union that has the exact ability to rectify that tension. It would not be helpful if we did not have the European Union because that problem would not then have a solution. These are difficult issues, but I believe passionately that there should be basic minimum standards set at European level.

10.30 am

I do not, however, agree with proposals that there should be a European minimum wage, as that is going too far. I remember when the Labour party was last in government—my hon. Friend will remember better than I because he was here at the time—and introduced to

the House legislation to set a national minimum wage. Members of the Conservative party and, indeed, of some employers' organisations said that it would cost jobs. The national minimum wage is one of the proudest achievements of our time in government, but I do not want to see that rolled out at a European level because the differences between countries is too stark, but I think that there should be a bare minimum. The EU should have some power in that area, but there is a limit to how it should be used and to what extent. I am trying to say that it is not a black and white choice. We should have minimum standards but, as my hon. Friend has set out, national Governments should legislate beyond those minimum standards. There are some areas, such as national minimum wages, that should remain at a national level—there should not be an attempt to Europeanise such processes.

I got into a debate on European employment law, but I was commenting on the shopping list that Conservative Members have proposed. We should bear in mind something that we touched on yesterday: there are 27 other member states in the European Union. If the Conservative party was in government in 2015 and trying to negotiate some kind of repatriation, other member states would want concessions as well, although we do not know what they would call for. Much like the European budget negotiations, the process would be very complicated, and I think that it would take longer than the two years between 2015 and 2017—the period of time that we were discussing with the Minister for Europe yesterday. The Conservative party must further clarify the repatriation debate. For the time being, the Prime Minister has been deliberately vague as to which areas he wants to repatriate, because he knows that there is a range of opinion among Government Members as to which areas and powers to repatriate.

Martin Horwood: I cannot help but think that the argument about repatriation is a bit of a red herring. The hon. Lady is absolutely right that there are numerous factions in the Conservative party. I am horrified to notice that the booklet to which I was referring earlier was written by David Campbell Bannerman, who I suppose must be a descendant of the great Liberal Prime Minister, who might be spinning in his grave. Anyway, the booklet advocates complete withdrawal. There are shades of opinion, but many of the people who are advocating repatriation are simply using it as a stalking horse for exit. They will build up the case for repatriation, and when it is inevitably impossible to fulfil, that will be the excuse for campaigning for exit.

I think that the Prime Minister's position is rather different, given that, as the hon. Lady rightly said, his Bloomberg speech did not mention the word "repatriation" at all. It actually proposed a moderate and measured set of reforms that most Liberal Democrats would sign up to in their entirety. If that was the limit of the ambition for a renegotiated relationship, I must say that we would be pretty supportive of it, and we would see no need for a referendum in order to achieve it. In effect, we are seeing multiple camps in the Conservative party starting to map out their position in advance of an in/out referendum campaign in which they would be on different sides. However, I do not think that either side of that argument is really expecting the repatriation process to take place as far as I can see.

Emma Reynolds: The hon. Gentleman makes an interesting point. There are many strands of opinion in the Conservative party and I agree that there is a division of the Tory party that talks about repatriation. As he says, it wants withdrawal unless we repatriate a long list of powers, knowing full well that it is not going to be able to repatriate them all. It may be that it secures some concessions on certain directives, but I do not think that if it attempted to repatriate a whole policy area it would achieve that. However, it might, for example, secure some sort of permanent opt-out of the working time directive, which seems to be something that exercises Tory minds in a very lively fashion. There may be areas where it can secure concessions, but that will not be significant repatriation.

The hon. Gentleman is right that the Prime Minister did not mention this in the Bloomberg speech. A lot of what the Prime Minister said in that speech about a flexible, competitive Europe is not something that we disagree with, but that does not amount to repatriation or renegotiation. The Prime Minister has been at pains to stress to his European partners the fact that he wants to see reform at the level of 28; that he does not want to see unilateral reform. That is sensible, yet when he is talking to his party he seems to up the ante on repatriation. He is trying to have it both ways and at some point, fudging it in that way will not be possible because people will start to ask questions about what repatriation he is seeking, whether he is able to achieve it and perhaps, as the hon. Gentleman suggests, in his own mind he knows that it is unrealistic to have repatriation in many different areas.

The truth is that if one looks at the internal market, and if we were to say, for example, that there should be unanimity in voting on financial services legislation, then the Germans might say, "Well, when it affects our car industry, we want unanimity". The French might say "You can't change the common agricultural policy unless we have unanimity". The whole thing starts to unravel in much the same way as if the British Government said, "We would like to repatriate employment and social affairs as an EU competence; we want that back in the British Parliament". Other member states might say "We want this policy area back". Inevitably, the European Union is a process of negotiation and compromise. Sometimes those are difficult compromises and Governments concede things that, in an ideal world, they would not, but they do so because they judge that there is a national interest and benefit to forging ahead with agreements in other areas.

The EU is not perfect, and if one could pick and choose, one might choose a different shape for the European Union, but then other member states would have different pictures of their ideal European Union and we would not have a European Union.

Mr Bain: My hon. Friend puts her finger on an important point in relation to our financial services industry. At the moment, because we are part of the European Union, we have influence in shaping some of the important rules, regulations and directives being negotiated in Brussels. If we were no longer part of the European Union, we would have no influence whatsoever, but would still have quite a dramatic implication for the financial services sector in London. Does not that give further credence to the suggestion that the Government

should be coming forward with reports not just on trade, the environment, energy and agricultural policy, but on what that would mean for our economy, and for the important part of our economy that is, of course, financial services?

Emma Reynolds: I agree with my hon. Friend. I have been to speak at meetings in the City with representatives from banks, insurance companies and pension funds. As a pro-European, I feel comfortable in those meetings because those companies tend to be of the pragmatic opinion that we are better in than out and that leaving would create great risks to the UK's financial services sector. He makes an extremely valid point.

In December 2011, when the Prime Minister stormed out of the European Council meeting at 4 am and there was a botched attempt at getting concessions in the financial services area, the irony was that representatives of the City pointed out that they had not asked for those changes or concessions. The representatives of UK financial services that I have met are keenly aware of the risks of leaving the EU and value our membership. That is not to say that they agree with every dot and comma of every European directive that affects them—of course not. There are some directives that are problematic and some that this Government and the previous one had to negotiate with European partners.

The amendments tabled by the hon. Member for Cheltenham have a good and honourable objective. The proposed reports would inform any debate, should a future Government hold a referendum. I am sure that we will return to consider the risks of leaving versus the advantages of staying in—and the disadvantages; I am sure my hon. Friend the Member for Luton North would call me on that if I did not mention it. As the hon. Member for Cheltenham said, using Government resources to draw up the most objective analysis of the costs and benefits of staying in or leaving would be extremely valuable for public debate.

Mr Bain: I support the amendments in the names of the hon. Member for Cheltenham and my hon. Friend the Member for Wolverhampton North East, which go to the heart of the debate on the Bill. The hon. Member for Stockton South is asking us to support the enactment of a referendum, but we have not yet heard what the implications would be of whatever answer the British people might give to such a question. We have not heard from the Government what the terms of remaining part of the EU would entail. They have not spelled out any heads of argument, let alone details, on those areas in which they envisage our relationship changing, were there to be a renegotiated treaty with the rest of the EU, and nor have they spelled out the consequences of a no vote. If there were such a vote, we would no longer be part of the EU, but we have not been told by the Government or the hon. Member for Stockton South whether there would be any continuing relationship at all with the EU.

We do not know whether the hon. Gentleman and the Conservative part of the Government envisage, in the event of a no vote, that we would have a relationship akin to that of Turkey, albeit Turkey wants to join the EU while we would have decided to leave. With regard to a customs union, we do not know whether the Government or the hon. Gentleman envisage our

[Mr Bain]

relationship as akin to that of Switzerland. We would then not be part of the European economic area, but part of the European Free Trade Association, with some relationship with the EU and being bound by a good many of its regulations and directives, particularly those related to the single market.

We do not know whether the hon. Gentleman or the Conservative part of the Government would intend, in the event of a no vote, that our relationship with the European Union would be akin to that of Norway and that we would be a part of the European economic area and would have a slightly different relationship from that of Switzerland with the European Union.

10.45 am

If the amendments tabled by my hon. Friend the Member for Wolverhampton North East and the hon. Member for Cheltenham were agreed to, we would be giving the British people the guarantee of a rigorous, evidence-based, factual analysis of what could happen as a result of the question that the hon. Member for Stockton South wants to put the British people. We would also provide people with evidence and facts about all eventualities.

If the amendments were agreed to, they would put one other point in the minds of the British people: the difficulty and the magnitude of leaving the European Union. They would be able to consider the disadvantages that we would face, were we to have a relationship with the EU akin to that of Switzerland, Norway or Turkey, or, indeed, if we were not to have any relationship with the European Union at all, given the consequences that that would have for negotiating bilateral trade agreements with the 27 other countries with which we have a single market at present. Of course, should we not be part of the EU delegation in the World Trade Organisation, we would secure the twin effect of diminishing our own influence and that of the European Union in future world trade talks. All of those points need to be explored.

As I said earlier to the hon. Member for Cheltenham, I commend the Government for two streams of work they have done, the first of which is the work of the Business Secretary in early 2011. At that time, the Government published a document on the benefits of completing the single market, which also touched on areas such as what the downsides would be if Britain was no longer part of the single market. It revealed quite clearly that should we choose to leave the single market, our trade with the rest of the EU would diminish and, were the single market to be completed, we would not enjoy the advantages that would go to countries remaining in the European Union. It also revealed that if we had a relationship with the single market such as that of Norway or Switzerland, we would not experience the full gains from completing the single market. Such evidence is needed before we go much further in this debate.

The other stream of work for which I commend the Government is in relation to the referendum that will happen in the relatively near future, although perhaps not as quickly as I and the Scottish people would like. Our patience has been tested by the interminable length of that referendum campaign, so we see a real warning from one part of the United Kingdom about the dangers

of having a long, open-ended period for a potential referendum campaign. However, the analysis papers commissioned by the Government have very helpfully set out the consequences for every aspect of life in Scotland that would flow from Scotland leaving the United Kingdom, including consequences for trade, and for our influence in the EU and the world.

The amendments, if implemented, would therefore have a similar effect on the debate about our membership of the European Union as the analysis papers have had on the debate about Scotland's continued membership of the United Kingdom. In recent times in Scotland, we have seen support for membership of the United Kingdom rising and that for leaving the UK falling. From my perspective as a pro-European, the more that people engage with the facts—we as a Parliament should make it incumbent on the Government to produce the facts so that the debate is conducted not on the basis of prejudice, but on a hard-headed assessment of our economic future and our future position on social and employment rights, the environment and trade—the more we will see an increase in support for the UK staying within the European Union.

We have already heard that our involvement in the European Union is a positive benefit in many parts of our national life. We heard from my hon. Friend the Member for Wolverhampton North East about the impact on the detection and prevention of crime and why the European arrest warrant is a massively important and beneficial development. As I mentioned in an intervention, we have seen the difficulties of the Government saying that they want to opt out from particular areas, but later wanting to opt back in. If the amendments were accepted, the Government would be obliged to produce an assessment of the consequences of opting out of many parts of the *acquis*—not only on justice and home affairs, but on social protection and employment rights—and of having to opt back into some areas later.

There would be costs involved. Different forms of regulations from those in force at the moment would cost businesses and people in work. We need to know what those costs are, so if we are to have a proper debate, which the hon. Member for Stockton South wants us to have, it is incumbent on the Government that we have a real and rigorous assessment from them about what the outcome of the referendum would mean. What would a yes vote mean for the terms envisaged for us remaining within the European Union? What would a no vote mean for all the options that I scoped out in my contributions this morning? The British people have to know. Just as people in Scotland have to know what the consequences would be for not having a proper central bank to support the Scottish economy, in this debate we need to know what the consequences would be if the only relationship that we had with the European Union was a customs union and we were not part of the single market.

I support the amendments tabled by my hon. Friend and the hon. Member for Cheltenham because the more facts are provided to the British people in this debate, the better that will be for those of us who wish to stay within the European Union. Furthermore, having any kind of debate at all will depend on the Government

providing the facts and giving people sufficient time to absorb them in the run-up to the referendum, if Parliament chooses to have one.

Martin Horwood: I realise that it is slightly unusual for me to speak a second time in the debate before the right hon. Member for Aylesbury takes part, but I do so partly because in my rush through the initial set of amendments, I completely omitted to mention amendment 68, which refers to consumer rights—[*Interruption.*] I was rushing to conserve time, so I managed to miss it. The implications of withdrawal from the European Union for consumer rights are obviously important, and I did not mean to omit them.

I have been struck by how wide ranging and broad the debate has been at times, occasionally deviating into political discussions that are not entirely or directly related to the content of my amendments. Before the right hon. Gentleman speaks, I want to focus the debate on some specific questions.

With regard to amendment 56, I cited the statistic that 200,000 businesses trade with other EU member states. Will the right hon. Gentleman tell us whether any economic evaluation has been done of the impact of potential exit on those 200,000 businesses, and their trade with the EU, so that we can establish whether we are talking about simply trying to enable new work to be done, or about trying to make public a body of work that is already under way?

Amendment 52 is about current and future free trade agreements. In the case of a future free trade agreement, perhaps with Japan—to take an instance slightly further off than the American example—what does the Minister understand that our relationship with Japan would be? If we were part of the negotiations but withdrew during them, would we be cut out of the free trade agreement with Japan and have none of the benefits that continuing EU members would enjoy?

Amendment 62 deals with the European arrest warrant. Hussain Osman, one of those involved in the failed July 2005 London bombing attempts, was arrested in Italy under a UK-issued European arrest warrant and swiftly extradited to the UK to face trial. Is it the Minister's understanding that, had we left the EU, we would have been able to use such a process?

I want briefly to give two parallel instances—one for Europol and one for Eurojust. First, Operation Rescue was launched by the Met and co-ordinated by Europol across 30 countries. It led to the discovery of the world's largest online paedophile network. Six hundred and seventy suspects were identified, 184 arrests were made and 230 sexually exploited children were released, including 60 in the UK. If we had exited from the European Union, would we have been able to use the offices of Europol in a co-ordinating role in that operation, which benefited so many hundreds of sexually exploited children?

Secondly—this relates to amendment 60—I will mention a case study from February 2011 on Vietnamese people-smuggling to the UK. A Eurojust co-ordinated operation involving five other countries resulted in 19 arrests of individuals involved in the smuggling to the UK of thousands of illegal immigrants, mainly from Vietnam. If we had left the European Union, would we have been able to use the offices of Eurojust in that operation?

My final question relates to amendment 67. In relation to potential budgetary contributions to the European Union, I suggested as an estimate that if we scaled up Norway's contribution for access to the single market, the contributions from a separate UK to the EU would amount to £4.4 billion a year. Have the Government made any evaluation of what the amount might be? If the answers to all my questions are, broadly, "I don't know," surely the right hon. Gentleman should be well disposed towards the amendments, which might bring about a process of providing some answers.

The Minister for Europe (Mr David Lidington): It has been an interesting morning during which, as my hon. Friend the Member for Cheltenham said, the debate has ranged somewhat widely. For much of the morning's proceedings, I felt that we were not so much debating what the Bill is about—whether the people of the United Kingdom should have a vote in a referendum on our continuing membership of the EU—as getting into the territory of the campaign itself. It was almost a drafting session for some of the campaign documents and slogans that we might hear in 2016 or 2017.

The hon. Members for Wolverhampton North East and for Glasgow North East, and my hon. Friend the Member for Cheltenham, put forward perfectly valid, coherent arguments for their points of view. However, they presented an artificial choice between the status quo—Europe as it is today—and exit, which is not what the Prime Minister and my party are talking about. We are talking about a decision of the British people following a period of negotiation and reform.

11 am

I was glad that the hon. Member for Glasgow North East aligned himself with the Prime Minister, who said explicitly in his Bloomberg speech that he does not see Norway and Switzerland as attractive alternative models for the United Kingdom's relationship with the major countries in the European Union. I suspect that one reason why we have had such detailed and learned disquisitions this morning on the arguments for and against continued British membership of the European Union is that, although the hon. Member for Wolverhampton North East is right to say that there are differences of view within my party on that question, comparable differences exist within her party's ranks—I got the impression that she sought to avoid acknowledging that fact. I did not exactly hear the bells ringing and the hallelujahs echoing from Luton North as she was speaking about the advantages of European Union membership. What she and the hon. Member for Glasgow North East carefully avoided saying was whether they think the British people should be entitled to the final say, which is the central purpose of the Bill.

I come to the substance of the amendments. I have no problem with the principle that the British public, before they make their decision, should be given as much information as possible about the Government's thinking and about the arguments for and against membership of the European Union. However, I challenge whether the methods proposed in the amendments are the most appropriate way to achieve that objective.

As a number of hon. Members have said, the coalition Government have launched a balance of competences review, which will enable third parties—in particular,

British business—to place on the record their honest assessment of the benefits and drawbacks of Britain's membership of the European Union and to suggest either far-reaching or detailed and specific reforms. That is one way in which the Government collectively, across the coalition, have agreed to inform public opinion.

To some extent, I am revisiting territory that we explored yesterday. If the amendments were not adopted, a referendum campaign in 2016 or 2017 would not take place in a great white space of public ignorance. It would take place in a political environment in which there had been many months of public debate in this place, in the media and among the wider public about the negotiating process and the issues that are at stake. Ministers would have been called to account, in questions, through statements and in debates, for what they are doing on our behalf.

Martin Horwood: The right hon. Gentleman is describing the normal cut and thrust of political debate, which we would expect to take place in that situation. The reason for mandating the reports is, first, to ensure that a thorough exercise using all the resources of Government—as we have done with Trident and the balance of competences review—takes place, and adds to the level of analysis and information in a way that simply making statements or giving opinions does not. Secondly, we need to guard against the scenario, which we touched on earlier, in which perhaps the Secretary of State might not be inclined to report. If we imagine a future coalition in which the hon. Members for Luton North and for Cannock Chase were both Ministers, they might not be inclined to produce a report that explained the precise implications of departing. They could use all the resources and expertise of the civil service and all the modelling and analysis at the Government's disposal. We simply want to guard against the slight possibility that we might have Secretaries of State who want to wriggle out of such responsibility. For those two reasons, I want to press the point.

Mr Lidington: I am sure my hon. Friend the Member for Cannock Chase and the hon. Member for Luton North will be delighted by the career endorsement they have received from my hon. Friend the Member for Cheltenham. I, too, am in no doubt that great things lie ahead of them.

My hon. Friend the Member for Cheltenham is being too pessimistic. First, I cannot conceive of a situation in which a Government, faced with a referendum campaign, would not wish to explain their case in detail. I am not in a position to give a firm pledge on behalf of a future Government, but I would expect a White Paper or a detailed document to explain the Government's position to Parliament and the public. That is what happened under the Labour Government in the 1970s when they approached the European Union referendum. It would be a logical thing for a Government to do, given that they want to win their campaign. They want to set out in public the case that they are about to take to the people.

As I said yesterday, the issue should not simply be a matter for the Executive. The Committees of this and the other House will want to engage in their own analysis and exploration of the issues involved. One thing that leads me to think that the amendments tabled by my hon. Friend the Member for Cheltenham will not

achieve what he wishes is that he seeks to mandate the Secretary of State to provide the various reports. Although Ministers are always advised by civil servants who, quite rightly, are impartial and work for whoever is the elected Government of the day, the reality is that a report published by a Government, ahead of a referendum campaign in which that Government want to secure a particular outcome, is pretty certain to end up reflecting the judgment of the Ministers of that Government, not some great impartial arbiters of blindfolded justice. If the reports were published in the way my hon. Friend advocates, they would end up simply expressing the views of the Government, which they would express anyway.

Mr Aidan Burley (Cannock Chase) (Con): I have just got over the giddy vision of being a Minister in a future Government—I think I will be lucky to remain an MP at this rate! What the hon. Member for Cheltenham and others request is simply not possible in reality. For example, it is simply impossible to say how many jobs in this country are directly dependent on the European Union. We would have to ask every single business man in every single business in the country. It is impossible to arrive at a factual answer to that question.

At the end of the day, the issue is about the power of argument. The only facts available are the costs to taxpayers of being a member of this club. That is not in doubt, because we can get those figures: around £10 billion a year. There are the hidden costs of complying with all the legislation. The rest of it is about the power of argument. A lot of the facts requested are simply not available.

Mr Lidington: There are many intangible aspects to any analysis of our membership of the European Union. As my hon. Friend says, there are the costs of implementing regulations, which, in turn, requires a judgment about the extent to which, if we were outside the European Union, we would have a different regulatory framework. There is the judgment to be made about the political consequences of this country's membership of the European Union. One reason why successive Conservative party leaders have supported British membership is that it has been seen as a way to amplify Britain's diplomatic weight and reach in the world. That is still an important consideration. It is perfectly reasonable for others to argue that, alongside that, we must weigh the cost of limitations on our freedom of action. That judgment itself is affected by what happens, how events develop and how European institutions evolve.

Martin Horwood: May I absolutely refute the suggestion, which in different ways the Minister and the hon. Member for Cannock Chase have made, that the Government are somehow incapable of producing impartial, expert advice, judgments and reports on these issues? We do that all the time. The Treasury produces economic forecasts which are not supposed to be cooked to suit the Chancellor of the day. Presumably there would have to be economic forecasts: one for an “in” scenario and another for an “out” scenario, looking forward three, four, even five years.

We are looking at the Trident review and the balance of competences review, neither of which assumes a particular political outcome either way, in this case,

rather obviously, because the coalition is not in complete agreement on those issues. However, it is perfectly feasible and desirable for the Government to produce the reports, using the technical, legal and economic expertise that Ministers have at their disposal, but which is not available to campaign groups and political parties.

Mr Lidington: My hon. Friend still underestimates the importance of the qualitative as well as the quantitative analysis that will be a key element in the judgment about the net benefit or cost of our membership of the European Union. It is ironic: generally in parliamentary debates some of those who are most hostile to Britain's continued membership of the European Union are most strident in their calls for a cost-benefit analysis. One of the arguments I have always put forward is that we cannot simply make the judgment entirely on the basis of figures. There is a political judgment that has to be made at the end of the day, which in turn will reflect the view we take about the role this country should play internationally.

Let me move on briefly to my hon. Friend's list of specific questions, which he threw in as a last-minute googy. I will try to do a bit better than simply saying I do not know in answer to them all. However, it is true that the answer to those specific questions depends upon what hypothetical alternative relationship this country would have with the continuing European Union were we to cease to be a member. Would it be a Norwegian, Swiss or Turkish model or something different? There would be different consequences in respect of any of those alternative arrangements. The answer must also then depend in part upon the nature of any alternative bilateral arrangements that could be put in place either with the continuing European Union or with third countries.

My hon. Friend mentioned free trade agreements. The position at the moment is that a country that is in a customs union with the European Union, such as Turkey, must extend access to its markets in line with whatever further free trade agreements the European Union negotiates with third countries, but it does not get the benefits of that greater access to the third country that EU member states enjoy. That is a source of strong complaint from Turkish Ministers about what they see as the unfairness of just being in the customs union without seeing progress towards full EU membership.

As for some of the work on arrest warrants, my hon. Friend knows that the Government are seeking to opt back into the European arrest warrant. However, before it existed, there were a series of bilateral arrangements deriving from the Council of Europe's convention on mutual legal assistance, so alternatives could be put in place, although it would be a matter of political judgment whether they would be as effective as the EAW in providing for rapid extradition of serious criminals and criminal suspects in the cases that he described.

11.15 am

Martin Horwood: Does the right hon. Gentleman imagine that those different arrangements in respect of the EAW and, indeed, other issues that we have been discussing would be negotiated in advance of the referendum, so that people knew what they were voting on, or subsequently?

Mr Lidington: The EAW and the other elements of the decision required by the Lisbon treaty on pre-Lisbon justice and home affairs measures should be dealt with during 2014, because that is what the Lisbon treaty requires of us. The arrangements for any member state to leave the European Union are, of course, laid down in article 50 of the EU treaty. However, the Prime Minister has always made it clear that his ambition is to shape a process of European Union reform, involving some treaty changes and some measures that do not need treaty change, that will be in the interests of not only this country, but every European Union member state. He wants to try to restore some of the public confidence in Europe that has diminished so rapidly in not only the UK, but many other countries in recent years. As the Prime Minister said in his Bloomberg speech, he wants to be in a position, after successful negotiations, to put heart and soul into a campaign for continued United Kingdom membership.

I do not believe that the amendments are necessary. A future Government, when approaching a referendum in the next Parliament, will have every interest in making sure that the public and Parliament are well informed. Parliament will do its job of holding the Government to account and testing the policy implications of whatever recommendations the Government make to the country. During the campaign, through the designated umbrella campaign groups on each side of the argument, that case will be put to the public in very clear terms, and it is hoped that many other third-party groups in business and elsewhere will not be silent, but vocal in making sure that their opinions are understood.

Emma Reynolds: Whether we write into the Bill an obligation on the Government to produce the reports should be something that we consider on Report. It is an important consideration, and I am not entirely convinced by the Minister's argument. However, that is something that we should discuss at a later stage.

Martin Horwood: Having spoken twice already, I shall not detain the Committee much longer. I would have been inclined to press the amendment to a Division, if there had been a sufficient likelihood of support from those on the Labour Benches. Although the hon. Members for Wolverhampton North East, and for Glasgow North East, have shown great stamina, that does not seem to have extended to some of their colleagues. I do not think that we have seen the right hon. Member for Leicester East since July.

In the circumstances, I shall not press the amendment to a Division, although I agree with the hon. Member for Wolverhampton North East that the proposals have raised some important issues. The one definitive reply given by the Minister—he said that in the case of a free trade agreement, we might end up with free trade agreement partners of the European Union having access to our market, while we did not have access to theirs—was an important and telling point. The importance of having reports or debates on research on such subjects is that they would reveal precisely those kinds of disadvantages to exiting the European Union. However, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Emma Reynolds: I rise to speak to amendment 72, in clause 1, page 1, line 14, at end insert—

- ‘(7) (a) Before a referendum can take place, a body corporate known as the Committee on Britain’s Membership of the European Union, shall be established to issue a report on the costs and benefits of leaving the European Union;
- (b) The body shall consist of no more than 19 members, none of whom shall be Ministers of the Crown;
- (c) The members of the body shall be nominated by the Speaker of the House of Commons and the Lord Speaker of the House of Lords respectively, in accordance with the Standing Orders or Resolutions of their respective Houses, and subject to the approval of their respective Houses;
- (d) Members of each House shall be members of the Committee until discharged by their House or if they cease to be a Member of that House or if they become a Minister of the Crown;
- (e) The body shall elect a Chair from among those of its members who sit in the House of Commons;
- (f) The body may determine its own procedure, which shall be broadly in line with that followed by Joint Committees of the two Houses; and
- (g) after the body has issued a report, a motion shall be moved in each House of Parliament.’

Amendment 72 would establish a Joint Committee of both Houses, which would be called the Committee on Britain’s Membership of the European Union. It would have responsibility for considering, in a dispassionate way, the costs and benefits of leaving the EU and the costs and benefits of our membership of the EU. The Committee would have no more than 19 members, none

of whom would be Ministers of the Crown. Each House would be responsible for suggesting to the Speaker of their respective House nominations to the Committee. The Speaker of the House of Commons and the Speaker of the House of Lords would then duly nominate the members of the Committee.

I tabled the amendment because, as I said earlier in our deliberations, there should be an occasion for a Joint Committee of both Houses to consider the implications both of remaining a member of the European Union, and of leaving it. That Committee would have the chance to give in-depth consideration to those costs and benefits. However, this is a probing amendment and I do not wish to press it to a vote; it may be something that we come back to on Report.

In conclusion, consideration by a Joint Committee of both Houses could compensate, later in the day, for the lack of any pre-legislative scrutiny before the Bill was drafted.

The Chair: Amendment 72 is not moved.

Question put forthwith (Standing Orders Nos. 68 and 89), That the clause stand part of the Bill.

Question agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.
—(James Wharton.)

11.23 am

Adjourned till this day at Two o’clock.