

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

First Delegated Legislation Committee

DRAFT TEXTILE PRODUCTS (AMENDMENT)
(EU EXIT) REGULATIONS 2018

Monday 19 November 2018

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The Committee consisted of the following Members:

Chair: STEWART HOSIE

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| † Charalambous, Bambos (<i>Enfield, Southgate</i>) (Lab) | † O'Brien, Neil (<i>Harborough</i>) (Con) |
| † Dunne, Mr Philip (<i>Ludlow</i>) (Con) | † Smith, Nick (<i>Blaenau Gwent</i>) (Lab) |
| † Efford, Clive (<i>Eltham</i>) (Lab) | Snell, Gareth (<i>Stoke-on-Trent Central</i>) (Lab/Co-op) |
| † Furniss, Gill (<i>Sheffield, Brightside and Hillsborough</i>) (Lab) | † Stephens, Chris (<i>Glasgow South West</i>) (SNP) |
| † Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con) | † Thomas, Gareth (<i>Harrow West</i>) (Lab/Co-op) |
| † Harris, Rebecca (<i>Lord Commissioner of Her Majesty's Treasury</i>) | † Thomson, Ross (<i>Aberdeen South</i>) (Con) |
| Hoey, Kate (<i>Vauxhall</i>) (Lab) | † Tolhurst, Kelly (<i>Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy</i>) |
| † Lewer, Andrew (<i>Northampton South</i>) (Con) | † Whittingdale, Mr John (<i>Maldon</i>) (Con) |
| † Lopez, Julia (<i>Hornchurch and Upminster</i>) (Con) | Nina Foster, Masrur Ahmedchar, <i>Committee Clerks</i> |
| | † attended the Committee |

First Delegated Legislation Committee

Monday 19 November 2018

[STEWART HOSIE *in the Chair*]

Draft Textile Products (Amendment) (EU Exit) Regulations 2018

4.30 pm

The Parliamentary Under-Secretary of State for Business, Energy and Industrial Strategy (Kelly Tolhurst): I beg to move,

That the Committee has considered the draft Textile Products (Amendment) (EU Exit) Regulations 2018.

It is a pleasure to serve under your chairmanship, Mr Hosie. The draft regulations, which were laid before the House on 10 October, will be made under the powers conferred by the European Union (Withdrawal) Act 2018. They form part of the wider programme of work to adjust our existing legislative framework in readiness for leaving the European Union. While we remain optimistic of reaching a Brexit deal that is of mutual benefit to the UK and the EU, it is the duty of a responsible Government to prepare for all scenarios. That is why we are bringing the draft regulations, and other such instruments, to the House. The regulations are part of contingency planning to ensure that our consumer legislation continues to function effectively after exit day.

Maintaining a comprehensive framework of consumer rights is crucial for prosperity. Household expenditure accounts for about 60% of the UK economy. In 2016, retail sales stood at £800 million for textile stores and £40 billion for clothing stores. Confident consumers help to raise productivity and deliver an economy that works for everyone.

The draft instrument amends EU regulation 1007/2011 on textile fibre names and related labelling and marking. The EU regulation prescribes labelling or marking that must be applied to textile products to inform consumers of the product's textile fibre composition and the presence of non-textile parts of animal origin, such as fur.

Gareth Thomas (Harrow West) (Lab/Co-op): Confident consumers need confidence that regulations are enforced. Will the Minister explain how the regulations are enforced at the moment, and how she envisages the draft regulations being enforced if they are needed?

Kelly Tolhurst: The EU regulations are currently enforced by the individual member states of the European Union, of which we remain one. Our enforcement is currently carried out via trading standards at regional and local level, in conjunction with our National Trading Standards force. That is the system that will be in place if we approve the instrument.

The EU regulation also empowers the European Commission to approve new textile fibre names and to modify technical provisions, such as testing methods. The draft regulations also modify the Textile Products

(Labelling and Fibre Composition) Regulations 2012, which set out enforcement provision for the EU regulations in the UK.

The European Union (Withdrawal) Act retains in UK law EU regulation 1007/2011 in its entirety on exit day, but once the UK leaves the EU, the EU regulation will no longer apply to textile products placed or made available on the UK market. To maintain high consumer protection, the draft regulations make essential changes to ensure that requirements to indicate the fibre content of textile products and non-textile parts of animal origin continue to apply after our exit from the EU. The draft regulations also remove provisions that will no longer be relevant, such as requiring a label to be in an official language of the European Union. After exit, the label must be in English.

The draft regulations also transfer the power currently exercised by the European Commission to approve new fibre names, tolerances—the difference between the fibre composition on the product label and the actual composition demonstrated through testing—and testing procedures to a UK Secretary of State. This is necessary because after the UK leaves the EU it will no longer be appropriate for the European Commission to approve new textile fibres for the UK market. Repatriation of the functions will enable the UK to amend its textile labelling requirement to take into account innovation and technical advances in the textiles sector.

Chris Stephens (Glasgow South West) (SNP): My question is similar to that asked by the hon. Member for Harrow West. Will the Minister give us some assurances about what protection there will be against cheap textile copies being imported if the UK leaves the European Union?

Kelly Tolhurst: As I outlined, we already have a strong enforcement regime exercised by trading standards at local level. Also, trading standards and the Office for Product Safety and Standards work at the borders making checks on products coming into the marketplace that may not be legal under the regulations. That will continue.

After EU exit, businesses will be able to apply to a UK Secretary of State to have a new fibre name adopted for the UK market, just as they can now apply to the European Commission. Finally, to maintain higher levels of consumer protection, the powers and penalties applicable to breaches of the EU regulation will be retained after EU exit. The regulations make only minor amendments to the UK textile labelling regulation to ensure that there are no references to the EU process: for example, they remove the need for the Secretary of State to have regard to the penalties for breaching the EU regulation in EU member states when carrying out a review of the regulation.

The draft regulations deliver certainty and stability for consumers and business—a key objective for the Government.

Gareth Thomas: Further to my earlier intervention, and the intervention by the hon. Member for Glasgow South West, trading standards has been one of the areas of local authority services hardest hit by cuts. Do the Government have any plans to increase funding for

trading standards, so that consumers can genuinely have confidence that in the brave new world that hon. Lady imagines, consumers will not suddenly lose out?

Kelly Tolhurst: The hon. Gentleman raises an important point. It is true that the Government are committed—I am particularly committed—to enforcement and to a trading standards service that carries out its required role. There is, as the hon. Gentleman knows, a consumer Green Paper. We are looking at ways to improve services, and a key priority for me is how trading standards are working nationally. I am extremely aware of the issue, and I recognise the importance of the service as we leave Europe, in whatever way that happens.

Gareth Thomas: The hon. Lady has given an interesting answer—but to a different question. I asked specifically whether she envisages more funding for trading standards, and I press her gently to be more specific.

The Chair: Order. I think we will make that the last question specifically about trading standards, as it goes slightly beyond the scope of the regulations.

Kelly Tolhurst: The hon. Gentleman has asked about funding and, as I outlined in my previous answer, this is an area I am particularly interested in and focused on in relation to trading standards enforcement. We will be looking at the consumer Green Paper, and if I envisage changes being made, I will bring them to the House.

Consumers will experience no practical change as a result of the draft regulations, as after EU exit textile products will continue to be labelled as they are now. Businesses sourcing textile products from UK manufacturers, or importing those products from outside the EU, will experience limited change in the labelling regulations that they must comply with. That will also be the case for UK manufacturers. Businesses importing textile products from within the EU will become responsible for ensuring the accuracy of the labelling or marking of textile products. However, as the UK and EU textile labelling regimes will be very similar at the point of exit, UK businesses can import textile products safe in the knowledge that EU suppliers understand the shared requirements of the UK regulations.

To support innovation, businesses wishing to have a new fibre name approved will need to apply to a UK Secretary of State. It should be noted that in the last seven years, only two new fibre names have been adopted by the European Commission.

Guidance for business and consumers on the changes that the regulations will bring into effect has already been published in the consumer technical notice. The explanatory memorandum also provides business and consumers with further details of the changes that would be made in the event of a no-deal scenario. To help businesses to understand how to comply with the requirements of the regulations, further guidance will be published in due course.

In conclusion, the regulations are a sensible and necessary use of the powers in the European Union (Withdrawal) Act 2018 that will ensure that our consumer law continues to function effectively on exit day. I therefore hope that the Committee will approve the regulations.

4.41 pm

Gill Furniss (Sheffield, Brightside and Hillsborough) (Lab): It is a pleasure to serve under your chairpersonship, Mr Hosie.

We should be proud that the UK has often been a beacon for consumer protections in the EU and globally, with countries across the world looking to our consumer protection laws. Unfortunately, consumers have been left in limbo since the Brexit vote in June 2016, with little assurance about whether they will continue to enjoy the same rights and protections or what the Government's Brexit agenda will mean in that regard.

The deal announced last week mentions a level playing field for consumer protection for the transition period, but fails to address the future of consumer protection after Brexit, so there are still vast uncertainties for consumers. The Government have failed to properly engage with consumer groups about Brexit, especially at the highest level. That is an abdication of their duty to UK consumers, who collectively put £100 billion into the economy each month.

The regulations are technical and aim to ensure a smooth transition after 29 March 2019. They amend legislation in the field of labelling and composition of textile products. They transfer powers to the Secretary of State to recognise new textile fibre names and testing methods, amend the language that must be used to label textiles and transfer labelling obligations to importers into the United Kingdom.

In principle, we do not oppose what are, on the face of it, technical changes, but I am still not clear about questions of jurisdiction and enforceability after Brexit, as I mentioned in a Westminster Hall debate on consumer protection and Brexit in October 2017. For example, it is crucial that we maintain cross-border consumer protection so that consumers have the confidence and security that the products they are purchasing are safe, but the Government have not been clear about how they will ensure that those mechanisms are ready to go after 29 March, and indeed after the transition period.

As the head of consumer policy at Citizens Advice said in evidence to the Justice Sub-Committee of the House of Lords Select Committee on the European Union,

“It is one thing to say that the rule of law applies, but if there is no right to compensation when travelling abroad, or purchasing from an EU trader, if the cross-border agreements are not there to back it up it is not worth as much as it would suggest.”

Does the Minister have any further details about that? On the regulations, what mechanisms will be in place after Brexit to ensure that any differential changes in future textile product arrangements are enforced accordingly? What impact will any divergence in regulation have on consumer rights and confidence in the UK?

Although not explicitly stated, the regulations will be enforced by local trading standards bodies, but cuts to local authorities since 2010, which have led to some local authorities' services being cut by in excess of 50% according to a Chartered Trading Standards Institute study, have diminished trading standards' ability to properly inform and enforce consumer protection laws. There has been a 56% reduction in the number of trading standards officers from 2009 to 2016 according to the National Audit Office, leaving some services with just one qualified officer.

[Gill Furniss]

What assessment has been undertaken of the impact of the draft order's increasing the workload of already financially stretched local trading standards services following the UK's exit from the EU? Will further funds will be allocated to trading standards to accommodate the extra workload? The Office for Product Safety and Standards is a step forward.

Mr Robert Goodwill (Scarborough and Whitby) (Con): Perhaps I was not listening to the Minister as carefully as the hon. Lady, but the Minister told us that the European Commission does not enforce the EU regulations itself. Those powers are domestic, so the draft order will not actually present a change on the ground.

Gill Furniss: My point is that the 50% cuts to trading standards are already having an impact on protecting people's rights in this country. The Minister has given me absolutely no evidence that there will be further funding. I ask her to consider that, because these services are already very pressed. I have already pointed out that many local authorities have only one officer. On the Whirlpool issue, Peterborough has been pulled out because it has become the country's major trading standards service for dealing with those very dangerous products.

Finally, is the testing infrastructure and particularly expertise in place to undertake the testing of textiles? If so, will further funds be required to sustain an adequate level of testing following the UK's exit? I hope that the Minister will be able to answer the questions raised.

4.47 pm

Kelly Tolhurst: The draft regulations are made under the powers conferred by the European Union (Withdrawal) Act 2018. They form part of the wider programme of work to adjust our existing legislative framework in readiness for leaving the EU.

As the talks progress, we have made a decisive step forward. We have agreed in principle the terms of the UK's orderly exit from the EU, as set out in the withdrawal agreement. We have also agreed the broad terms of our future relationship, as set out in the outline political declaration. This puts us close to a Brexit deal—a deal that realises the benefits of Brexit and lets us focus on the big domestic issues that face our country. While we remain optimistic of reaching a Brexit deal that is of mutual benefit to the UK and the EU, it is important and prudent to have in place a regulatory and legislative framework should we leave without a deal. This draft instrument ensures that.

I have demonstrated that the draft regulations are necessary to ensure that textile labelling requirements continue to work effectively in the UK immediately

after exit day. The draft regulations deliver vital certainty and stability for consumers and businesses alike. Consumer spending is, and will continue to be, critical to the United Kingdom's economy. In 2016, retail sales stood at £800 million for textiles stores and £40 billion for clothing stores, as I have already mentioned.

Let me respond to some of the questions raised by the hon. Member for Sheffield, Brightside and Hillsborough. As I mentioned in response to interventions, the Government are committed to the consistency and continuation of the protection of consumers. In the consumer Green Paper, we are looking at ways to strengthen that and to make sure that we operate in the best way possible for the safety and rights of UK consumers. I am sure that in the future I will bring forward further measures that make sure that we protect and benefit consumers in this country.

On the mechanisms in the draft regulations to change the retained EU regulation, any changes would be made by the Secretary of State and would need to be made through a statutory instrument. The hon. Lady talked about enforcement. I have tried to outline for the Committee the fact that the Government are extremely committed to the protection of consumers. I am committed to it, as the Minister responsible.

Trading standards has an important role in enforcement and in giving consumers the comfort they need in relation to accepting that products placed on the market meet the regulations. One of my priorities and one of the Government's priorities is to make sure that we work strongly as we can to enforce the rules. I am sure that as we leave Europe we shall look at other ways to make improvements for consumers and offer business the comfort of being able to get advice on regulations, and of the fact that the regulations can be enforced.

The hon. Lady also mentioned testing. Today we are agreeing on the regulations going into UK law for exit day. Under the new regulations the testing regime will come under the Secretary of State and we will need to issue further guidance on the UK testing formula. She is right about the highly technical issues relating to textile testing. We would have to make our approach to that extremely clear.

I hope that I have been able to answer some of the hon. Lady's questions. I think that what has been said highlights the importance of the statutory instrument in continuing to set out clearly the requirements for textile labelling for the UK market, and in ensuring the smooth functioning of the sector.

Question put and agreed to.

4.52 pm

Committee rose.