

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

TRADE BILL

First Sitting

Tuesday 23 January 2018

(Morning)

CONTENTS

Programme motion agreed to, with an amendment.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 27 January 2018

© Parliamentary Copyright House of Commons 2018

This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.

The Committee consisted of the following Members:

Chairs: † PHILIP DAVIES, JOAN RYAN

| | |
|--|---|
| † Badenoch, Mrs Kemi (<i>Saffron Walden</i>) (Con) | † Rashid, Faisal (<i>Warrington South</i>) (Lab) |
| Bardell, Hannah (<i>Livingston</i>) (SNP) | † Smith, Nick (<i>Blaenau Gwent</i>) (Lab) |
| † Brown, Alan (<i>Kilmarnock and Loudoun</i>) (SNP) | † Stewart, Iain (<i>Milton Keynes South</i>) (Con) |
| † Cummins, Judith (<i>Bradford South</i>) (Lab) | † Vickers, Martin (<i>Cleethorpes</i>) (Con) |
| † Esterson, Bill (<i>Sefton Central</i>) (Lab) | † Western, Matt (<i>Warwick and Leamington</i>) (Lab) |
| † Gardiner, Barry (<i>Brent North</i>) (Lab) | † Whittaker, Craig (<i>Lord Commissioner of Her Majesty's Treasury</i>) |
| † Hands, Greg (<i>Minister for Trade Policy</i>) | † Wood, Mike (<i>Dudley South</i>) (Con) |
| † Hughes, Eddie (<i>Walsall North</i>) (Con) | |
| † Keegan, Gillian (<i>Chichester</i>) (Con) | Kenneth Fox, <i>Committee Clerk</i> |
| † McMorrin, Anna (<i>Cardiff North</i>) (Lab) | |
| † Prisk, Mr Mark (<i>Hertford and Stortford</i>) (Con) | † attended the Committee |
| † Pursglove, Tom (<i>Corby</i>) (Con) | |

Witnesses

Nick Dearden, Director, Global Justice Now

Nick Ashton-Hart, Trade Policy Consultant and Associate Fellow, Geneva Centre for Security Policy

Christopher Howarth, Senior Researcher, House of Commons (formerly a senior political analyst at Open Europe)

James Ashton-Bell, Head of Trade and Investment, CBI

Chris Southworth, Secretary General, International Chamber of Commerce UK

Tony Burke, Assistant General Secretary, Unite the Union

Martin McTague, National Policy Chairman, Federation of Small Businesses

Public Bill Committee

Tuesday 23 January 2018

(Morning)

[PHILIP DAVIES *in the Chair*]

Trade Bill

9.25 am

The Chair: Before we begin, I have a few preliminary points to make. Please switch electronic devices to silent. Tea and coffee are not allowed during sittings. We will first consider the programme motion on the amendment paper. We will then consider a motion to enable the reporting of written evidence for publication and a motion to allow us to deliberate in private about our questions before the oral evidence sessions. In view of the limited time available, I hope we can take those matters without too much debate or delay.

I first call the Minister to move the programme motion, which was decided by the Programming Subcommittee yesterday.

Motion made, and Question proposed,

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 23 January) meet—

- (a) at 2.00 pm on Tuesday 23 January;
- (b) at 11.30 am and 2.00 pm on Thursday 25 January;
- (c) at 9.25 am, 2.00 pm and 5.30 pm on Tuesday 30 January;
- (d) at 11.30 am on Thursday 1 February.

(2) the Committee shall hear oral evidence in accordance with the following Table:

| Table | | |
|--------------------|------------------------------|---|
| Date | Time | Witness |
| Tuesday 23 January | Until no later than 10.25 am | Global Justice Now; Computer and Communications Industry Association; Christopher Howarth, former Senior Political Analyst, Open Europe |
| Tuesday 23 January | Until no later than 11.25 am | CBI; International Chambers of Commerce UK; Unite the Union; FSB |
| Tuesday 23 January | Until no later than 2.45 pm | Dr Lorands Bartels, University of Cambridge; Dr Roiger Hestermeyer, King's College London; Hansard Society Jude Kirton Darling MEP |
| Tuesday 23 January | Until no later than 3.30 pm | George Peretz QC, Monckton Chambers; Professor Alan Winters, UK Trade Policy Observatory; Law Society Scotland |

Table

| Date | Time | Witness |
|---------------------|------------------------------|---|
| Tuesday 23 January | Until no later than 4.15 pm | British Ceramic Confederation; UK Steel Manufacturing Trade Remedies Alliance; British Chambers of Commerce |
| Tuesday 23 January | Until no later than 5.00 pm | UK Finance; British Retail Consortium Standard Chartered Bank |
| Thursday 25 January | Until no later than 12.00 pm | Devro plc; Scotch Whisky Association Food Standards Scotland |
| Thursday 25 January | Until no later than 1.00 pm | Business for Scotland; British Furniture Association Hologic |

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 3; Schedules 1 to 3; Clauses 4 and 5; Schedule 4; Clauses 6 to 12; new Clauses; new Schedules; remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 2.00 pm on Thursday 1 February.—(*Greg Hands.*)

Manuscript amendment made: In the table on page 2 of the amendment paper, in the first entry for Tuesday 23 January, leave out

“Computer and Communications Industry Association” and insert

“Nick Ashton-Hart, Trade Policy Consultant and Associate Fellow, Geneva Centre for Security Policy”.—(*Greg Hands.*)

Main Question, as amended, put and agreed to.

Ordered,

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 23 January) meet—

- (a) at 2.00 pm on Tuesday 23 January;
- (b) at 11.30 am and 2.00 pm on Thursday 25 January;
- (c) at 9.25 am, 2.00 pm and 5.30 pm on Tuesday 30 January;
- (d) at 11.30 am on Thursday 1 February.

(2) the Committee shall hear oral evidence in accordance with the following Table:

| Table | | |
|--------------------|------------------------------|--|
| Date | Time | Witness |
| Tuesday 23 January | Until no later than 10.25 am | Global Justice Now; Nick Ashton-Hart, Trade Policy Consultant and Associate Fellow, Geneva Centre for Security Policy; Christopher Howarth, former Senior Political Analyst, Open Europe |
| Tuesday 23 January | Until no later than 11.25 am | CBI; International Chambers of Commerce UK; Unite the Union; FSB |
| Tuesday 23 January | Until no later than 2.45 pm | Dr Lorands Bartels, University of Cambridge; Dr Roiger Hestermeyer, King's College London; Hansard Society Jude Kirton Darling MEP |
| Tuesday 23 January | Until no later than 3.30 pm | George Peretz QC, Monckton Chambers; Professor Alan Winters, UK Trade Policy Observatory; Law Society Scotland |

Table

| Date | Time | Witness |
|---------------------|------------------------------|---|
| Tuesday 23 January | Until no later than 4.15 pm | British Ceramic Confederation; UK Steel Manufacturing Trade Remedies Alliance; British Chambers of Commerce |
| Tuesday 23 January | Until no later than 5.00 pm | UK Finance; British Retail Consortium Standard Chartered Bank |
| Thursday 25 January | Until no later than 12.00 pm | Devro plc; Scotch Whisky Association Food Standards Scotland |
| Thursday 25 January | Until no later than 1.00 pm | Business for Scotland; British Furniture Association Hologic |

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 3; Schedules 1 to 3; Clauses 4 and 5; Schedule 4; Clauses 6 to 12; new Clauses; new Schedules; remaining proceedings on the Bill;

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 2.00 pm on Thursday 1 February.

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Greg Hands.*)

The Chair: Copies of written evidence that the Committee receives will be made available in the Committee Room.

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*Greg Hands.*)

9.27 am

The Committee deliberated in private.

Examination of Witnesses

Nick Dearden, Nick Ashton-Hart and Christopher Howarth gave evidence.

9.30 am

The Chair: Before we start our formal session, I invite members of the Committee to declare any relevant interests.

Mr Mark Prisk (Hertford and Stortford) (Con): I am trade envoy to the Nordic and Baltic nations, and to Brazil.

Q1 The Chair: Thank you. We will now hear oral evidence from the witnesses. Before calling the first Member, I remind the Committee that questions should be limited to matters within the scope of the Bill, and we must stick to the timings in the programme motion that have been agreed. For this session, we have until 10.25 am at the latest.

Will the witnesses please introduce themselves for the record?

Nick Dearden: I am Nick Dearden, director of Global Justice Now.

Nick Ashton-Hart: I am Nick Ashton-Hart from the Geneva Centre for Security Policy.

Christopher Howarth: I am Christopher Howarth, former senior political analyst at Open Europe, and now senior researcher in the House of Commons.

Q2 Barry Gardiner (Brent North) (Lab): Nick Ashton-Hart, how easy will it be to simply roll over and replicate the existing trade agreements that we have through the EU? In your view, does the Bill make provision for appropriate levels of consultation, parliamentary scrutiny and accountability?

Nick Ashton-Hart: Thank you for inviting me—this is a first for me. To answer the first question, it depends very much on whether it is in the interests of the counterparties to those agreements to roll them over without modification. Since those agreements were created for a number of member states other than just us, those partner countries will go through a process of evaluating the net trade benefit to them of applying those terms to us alone. Where they have an interest in changing the terms to their benefit, they will seek to do so, because that is what Trade Ministries do—they seek economic benefit for their country, and they expect you to seek it for yours. Unless the trade benefits for them are exactly the same for us alone as they are for 28 other countries, they are going to ask for changes in their interests.

If the shoe were on the other foot, I suspect we can all imagine that it would be hard for our Trade Ministry officials to come to you all and say, “Well, we have just copied an agreement with a large trading bloc for one country’s benefit because it is in a hurry.” I suspect we will find that this will take some time—trade agreements always do.

The Chair: Before anyone else answers, may I ask Members and witnesses to speak up so that we get everything on the record? That would be perfect. Sorry—the acoustics in this room are terrible.

Q3 Barry Gardiner: Perhaps Nick Dearden could pick up the same topic and, in light of what Nick Ashton-Hart has said, comment on the use of Henry VIII powers within the Bill.

Nick Dearden: We are really concerned about the lack of scrutiny and accountability in the Bill. Global Justice Now, and a number of other organisations, worked on the Transatlantic Trade and Investment Partnership for a long time. We had some concerns about that agreement—not with the potential tariff areas, but with the non-tariff areas. In modern trade deals, non-tariff aspects make up the bulk of the agreement. That means everything from regulation—we probably all now know more than we would like about chlorinated chickens, but that is just one symbol of the regulatory aspects of trade deals that really concern the public, and I think many parliamentarians, too. Intellectual property, which has a direct correlation to the price of medicines and the price that the NHS may bear for them, through to local government procurement and e-commerce can also be added to that.

Modern trade deals touch on huge areas of public policy, which should be within the scope of Parliament to control. We are concerned that the Bill does not allow for that scope. As Nick said, it is difficult for us to imagine that many of these deals will be a straight cut and paste. That is why the explanatory notes allow for substantial changes to be made to the deals, but without

the requisite scrutiny that we believe Members deserve and require if we are to have proper control of our trade policy.

Barry Gardiner: Chair, I know that others on my side wish to come in, but those on the other side may wish to speak.

Q4 Bill Esterson (Sefton Central) (Lab): Can I follow up? Can you at least suggest what sort of changes you think are necessary? How do you think Parliament can deliver what you have just indicated you want?

Nick Dearden: Certainly. We think there should be several stages. First, before the negotiations, Parliament or a parliamentary Committee should give consent to those negotiations and should have some role in setting out the broad framework or objectives. We also think that at that stage the Government should have a responsibility to conduct and publish impact assessments and public consultations. It is set out in great detail how those should be conducted in the European Union and the United States.

As the negotiations are proceeding, Parliament should be able to scrutinise Ministers on what they are negotiating. It should be able to see negotiating texts. We think there should be a presumption that negotiating texts should be transparent to everybody, but even if there are specific reasons why they cannot be, they should certainly be transparent to MPs. If the Government want to change their mandate, they should have to come back to Parliament or to a parliamentary Committee to ask for that.

When negotiations are finalised, there should be a guaranteed debate and, at the least, an up-or-down vote. That would make a huge difference, because at the moment at none of those stages does Parliament have any control: it is not allowed to know what is going on in the negotiations; it has no role in setting the mandate; it is not allowed to see the negotiating texts; it is not guaranteed a debate; and it cannot vote against a trade deal. We think that what I have suggested would bring us into line with other modern democracies.

I will give a very small example. CETA, which still has not had a proper debate in the House, has been discussed in detail for days by the Wallonian Assembly in Belgium. They take seriously the regulatory aspects of trade deals and we think that, post-Brexit, we need to be looking at a similar model.

Q5 Bill Esterson: What other countries do you think we should be looking to for the way they do these things?

Nick Dearden: We know that post-Brexit we want to be doing a trade deal with the European Union and the United States, so they are good places to start. Both political entities have set out in detail a number of ways in which they negotiate and give Congress or Parliament power over trade deals. In the United States, a 700-strong citizen advisory board is allowed to see all the texts. They have to have very specific public consultations. At the very least, Congress gets an up-or-down vote at the end, and if it does not fast-track trade deals, it gets substantially more power than that.

In the European Union, the Parliament gets to feed into a mandate—the Council gets to set a mandate. Various parliamentary Committees get to look at, scrutinise

and give recommendations to the Executive for how a trade deal would affect jobs, the economy, the environment, human rights, or whatever else we may be concerned about. At the end, the Parliament is given a proper debate and an up-or-down vote.

On top of that, as I have already said, many trade deals are required to go back to member Parliaments for them to have a say, too. If you look at how Denmark, Germany, the Netherlands or Finland operate, they already exercise far more scrutiny over external EU trade deals than the UK does.

Q6 Mr Prisk: Mr Dearden, you say that Parliament should approve Government entering into negotiations. Given that the Government are talking to at least 100 countries at all times about trade, how would that work in practice?

Nick Dearden: There are various ways in which you could do it. One of the ways is to have a Committee set up particularly to scrutinise the Government on this. When the time comes to enter negotiations on a deal, it will discuss with the Government what their priorities are and they will say, “We think this is acceptable and this is not acceptable.” It will be brought in from the very beginning.

I think that is important, because the Secretary of State has said a number of times, “I really want to avoid a TTIP-style situation, where we end up with a deal in discussion that has lost public support and lost a lot of parliamentary support.” To do that, we must have that buy-in from the very beginning, and that must require some degree of parliamentary discussion about what the objectives for this country should be in a trade deal with country X.

Q7 Mr Prisk: That sounds nice, but how does that work in practice? At what point are Ministers, or indeed our ambassadors, allowed to talk to another country?

Nick Dearden: That would probably depend on exactly when proper trade negotiation starts and we are properly discussing a trade deal.

Q8 Mr Prisk: How do you define that?

Nick Dearden: You can look at how it happens in Denmark, for example, because they do exactly that. They have a parliamentary Committee that sets a mandate at the initiation of trade talks. I understand that obviously the Government are talking to loads of different countries at any one time about possible trade, but within each of the countries they are talking to, they must have objectives. It is for Parliament to scrutinise, set and agree to those objectives.

At the moment, I do not feel that we have that ability. We are talking to a lot of countries; we have 16 trade working groups currently set up between the Secretary of State and other countries. We know, because we have read it in the media, that various negotiations are ongoing with some of those countries, but Parliament, and we as civil society, have no right to know what is being discussed, when it is being discussed and with whom. That is a profound democratic deficit. At the very least, if these are formal working groups involved in trade discussions, we should know what they are talking about, to whom and when.

Q9 Mr Prisk: Would that apply to memorandums of understanding or bilateral agreements? You are talking in generalities, and I am trying to find out the facts.

Nick Dearden: I would say at the very least, at this point in time, for each of the trade working groups that has been set up, there should be a mandate set by parliamentary Committees.

Q10 Mr Prisk: What kind of trade agreement do you think is a good one? Some people think they are just a playground for the super-rich.

Nick Dearden: There is something to be said for that if you look at previous trade agreements such as TTIP—how they have worked and how people have felt about them. There is a big populist backlash going on around the world at the moment, part of which is a result of people feeling there is a democratic deficit in the trade agreements being signed.

We have lots of ideas for how we could construct a trade agreement and how we would want to do it, and I should say now that we are absolutely not against trade; even with TTIP, we were not against the tariff aspects of that trade agreement. When it comes to public policy, it is different. Again, I am not against international co-operation, in trade agreements or other agreements, but there has to be a democratic basis for how those things are decided.

Q11 Mr Prisk: So free trade agreements are a good thing?

Nick Dearden: They might be or they might not. It depends how they are done, who they are done with and what the terms are. If you have two very different types of country, in terms of wealth and power, obviously there can be a big problem because some people have a much bigger negotiating hand than others. That is what we have seen with economic partnership agreements, which is why we would prefer, for example, to give tariff-free access to goods coming from those countries rather than do a reciprocal agreement, which also puts what we believe to be unsustainable and unhelpful conditions on the African country concerned.

Mr Prisk: My concern is not with the follow-on scrutiny of events that happened, but more the idea that somehow Parliament should require our existing teams in negotiations to seek approval before they start those conversations. That is my concern, but I will not delay the Committee any longer.

Q12 Barry Gardiner: You were talking about the way in which other countries do the preparation of mandate and scrutiny of the process of creating a trade agreement. I wonder whether perhaps Nick Ashton-Hart could talk about the system in Australia and how the Joint Standing Committee on Treaties does it—or perhaps the system in Germany. Could one of you talk about that?

Nick Ashton-Hart: I would also say on the point about when terms of reference are set and whether our ambassadors need permission before they go and talk, I worked with most of our trading partners in Geneva and dozens of other countries. There are a lot of commonalities in how legislatures interact with Trade Ministries. Generally, the Trade Ministry will say, “We

want to achieve these objectives over the course of this Parliament or this year,” and that is done in consultation with the relevant parliamentary Committees.

Ambassadors explore ideas with countries all the time; they do not need a mandate to do that. When it becomes clear that there is interest in formalising something, a process goes on in the capital to say, “Okay, what is our net benefit to be achieved?” To do a deal of any configuration with country X, the economics teams in the Ministry would go away and say, “Where is the net trade-generative agreement here? What sectors would we have to include? What likely trade-offs would we have to do with the other side?”

But that process would generally be informed by a consultation with the stakeholders in the industrial sectors that have most to gain or lose, the unions in those sectors and the like, so that before you even get into a negotiation, you know where your benefits lie, you have your stakeholders signed up to what you are trying to achieve and the other side knows that you have those things.

As I pointed out in my comments, the reason why you see so many leaks in trade negotiations is that it is in the interest of one party or another to put pressure on the other in their capital. Leaks do not happen by accident; they are deliberate.

Mr Prisk: I think we are familiar with that!

Nick Ashton-Hart: You are familiar with how that dynamic works. It is no different in trade negotiations.

What I have described is pretty much a common process everywhere in the world, and it is not accidental; it is because the political economy demands that you have the backing, as a negotiator, at home when you are sitting across the table from your counterparties and that they know that you have that. They can watch your processes of consent and agreement and evaluate where your weaknesses are—where there are buttons they can push, but also where you are likely to need support. People know that you have to get to a sustainable deal also, and sometimes you have to do a concession at the right time to solve a problem in a domestic constituency for your counterparty, provided that it is in your interest to do so.

Q13 Tom Pursglove (Corby) (Con): As Mr Dearden will know, this Bill is not concerned with the making of future trade deals. However, of the 40 trade deals that we are seeking to transition, could you set out for the Committee which you supported at the time and which you opposed?

Nick Dearden: I do not have a complete list of all of them, but I do know that we have very serious concerns about the economic partnership agreements with African countries, for example, because of some of the conditions that are placed on those countries. We have particular concerns, because we worked on it, with the CETA agreement with Canada, again related to the so-called non-tariff barriers in that agreement.

One problem is that no matter what we thought about the agreements when they were originally negotiated, they are going to look different when it comes to being translated into or replaced by a UK-Canada or UK-African country agreement; they are just going to be different deals. Given that, I think it only right that there be some

degree of scrutiny. It says in the Bill, “Well, we aim for these deals to be as similar as possible.” I understand that, but it may well be that some of the deals will be more similar than others.

For the deals that are more similar, I think it would be right and proper for Parliament to say, “Okay, fine. We will wave that one through. We understand that that is continuity.” But for other deals—what a substantial amendment or change in the deal would look like is not defined—we believe that Parliament should have proper scrutiny and proper ratification powers. That is particularly important for deals that have not even been through the proper ratification process in the European Union—examples involve Singapore, Japan and Vietnam. Those deals may all be replaced by UK deals, but they have not been through the proper process as yet in the European Union, and we do not want to see a situation in which they are taken on just because we are so rushed that we do not have time to really think about the consequences of the deals.

Q14 Tom Pursglove: Did you support any of the deals at the time?

Nick Dearden: As a campaigning organisation, we are likely to pick up only those deals—

Q15 Tom Pursglove: Would you say that you are supportive of free trade?

Nick Dearden: I would say we are supportive of trade, but it depends on how it is done. Absolutely. For example, I would say that an awful lot of trade that has happened in the European Union over the last 40 years—not all of it, because some of it we would be concerned about—has raised standards. It has raised standards for producers and for consumers, and that is positive. In the European Union, there is at least a balancing of trade and economic interests with social interests and environmental interests and with democratic scrutiny and accountability, so it is possible to do that.

Q16 Judith Cummins (Bradford South) (Lab): This question is for Nick Ashton-Hart. Given the sheer number and the complexity of the deals that you are describing, do you believe that it is possible to have all the agreements ready to go on day one after Brexit?

Nick Ashton-Hart: There are so many moving parts. Assuming that there is a date, that we know it, and that all counterparties have a few years’ advance warning of it—the date that matters is a date on which existing agreements will no longer be available to us—we would have to look at their approval process and count backwards to find the date by which we would have to conclude our negotiations with them. That is the only way that you would know what your actual hard finishing date was for any of those agreements. I do not know if that analysis has been done by the Department for International Trade—I am hoping that it has done some of it, and I am guessing that it probably has. Say it takes two years, and we have two years. We are not going to finish an agreement tomorrow, so that means that that deal will not be done in time. What percentage of our GDP, and of our exports and imports, is that deal, which will not be available?

That is the first thing that you would have to do is know how much negotiating time you have, and with which parties. You would then have to prioritise deals

based on their economic importance to us. I am not sure what the decision tree is within the Ministry—I am sure that there must be one—for what it prioritises. The only way that you all will have a clear picture of the deadlines is to work backwards. I have seen no discussion at all of how long it takes our counterparties to conclude approving an agreement, but it can be a considerable time, depending on the country. I imagine it would be very difficult. The short answer is that it is hard for me to imagine that there are even enough people to negotiate that many deals simultaneously with that many parties, unless you had several years to do it.

Q17 Martin Vickers (Cleethorpes) (Con): Mr Dearden, you seemed to indicate that there are some countries with which you do not think we should do trade deals. Is that a fair comment?

Nick Dearden: It probably is, yes, because there may be countries where, for example, the human rights situation is so bad that any trade deal that you do is effectively reinforcing and giving succour to a regime to which we would not want to give succour.

Q18 Martin Vickers: Name some of them.

Nick Dearden: For example, there are serious human rights abuses in Turkey at the moment. The Prime Minister, as many people know, was the first political leader to visit Donald Trump in the United States after he was elected. After visiting President Trump, she went to President Erdoğan of Turkey, and a trade deal was part of the negotiations there. At that time, she also sold £100 million-worth of weapons to Turkey. That was an inappropriate thing to do, and it was connected with our ability to conduct a trade deal with that country, post Brexit. You may disagree with that, of course, but at the very least, there should be parliamentary control over those kinds of actions and activities. I do not think that just because they are in the international realm, they should be negotiated under royal prerogative; they have an impact on policy here. MPs should be apprised of that and should authorise it.

Q19 Martin Vickers: Going back to the issue of parliamentary scrutiny, under schedule 2, either House of Parliament can annul the regulations and prevent them from entering into law. Why do you regard that as inadequate?

Nick Dearden: That is a really important point. On the public policy aspects of trade deals, traditionally we thought that we did not need to worry about whether we ratified the trade deal, because Parliament would have the power to authorise implementing legislation for the various things that we needed to do to put the trade deal into effect. There is a problem with that: once a trade deal is signed and ratified, it really makes no difference whether Parliament enacts that legislation or not—we are committed to it under international treaty. It is too late to say no. Normally, we do not intend to say no—we have done the deal—but if there was a real dispute, and Parliament said, “We have a problem with that”, we would have real difficulty in stopping it, because we had already agreed to do it.

Various things that impact on public policy are never brought forward for implementation as legislation anyway. One of the things that people were particularly concerned

about with TTIP, as you probably know, was the investment protection tribunals that allow overseas companies to sue Governments for various things—for what they regard as unfair treatment, for the indirect expropriation of assets and so on. There is a lot of public concern about those bodies, because people feel that this infringes on democratic sovereignty and accountability, yet those things never need to be signed off by Parliament. They just exist in the trade deal, from day one, so Parliament does not have a say in whether things that have been proved to have tangible impacts on public policy come into effect. That is one example of why it is important for the ratification process to be seen as directly impinging on public policy, and why scrutiny and accountability are necessary.

Q20 Faisal Rashid (Warrington South) (Lab): What impact assessment should be conducted on the process, and why?

Nick Ashton-Hart: Several. I think first for the agreements you wish to transition you would look at the net economic benefit of transitioning them. You would then have to look at what likely changes the other party would be asking for—they would be doing the same analysis—and what changes you would ask for. You have to assume the worst. You have to assume the other party is going to ask for changes, and you have to assume that you will need to ask for some also. If you get lucky and you do not have to do any of that, that is great, but you cannot do this on hope. You have to do it on the worst-case scenario.

I think at that point you would have to bring in stakeholders to help you make that analysis. The expertise to do this is not all in government. It never is. It is also in the private sector and in academia. At the point where you had that you would know the basis on which you were transitioning the arrangements. This is not a trivial undertaking. Because of the regulatory impacts that newer deals, especially, have, you would also have to look at the consequences of certain changes to other arrangements.

For example, if there are most-favoured nation clauses in a deal that you wish to transition, as there often are, and if any changes are made to that arrangement when you transition it, it can impact all the other deals that have MFN clauses. This is now being discussed publicly, related to whether the EU could do an expanded services deal with us, and who would automatically get the benefits of it. For example, a Canadian deal would provide that the EU would have to give the benefits they give us to several other parties, Japan and Canada included.

We are in the same situation because there are MFN clauses in these agreements that we wish to transition, so you have to analyse the net economic benefit to you of the deal in question, but also the consequences of any changes to other deals that you want to transition, because you can guarantee that, for any MFN clause in any other deal, the parties that you are going to negotiate with will be looking at what you are giving in these other discussions and of course expecting to receive in them also.

There is a good reason why trade arrangements are slow, and there are not many going at one time. It is because this is an enormous number of moving parts to try to manage at one go—for us but also for the other

Trade Ministries, because deals with us are not the only deals that they have going or that they are working on. If I were you, I would be asking the Ministry: “Look, what is your plan for dealing with these different eventualities?”

Q21 Faisal Rashid: You mentioned things such as stakeholders and scrutiny a few times. Obviously the UK has not been directly responsible for trade deals for 40 years. Do you think this is the right opportunity to make a Bill that is more democratically, socially and economically transparent?

Nick Ashton-Hart: I think it is essential, aside from the benefits in terms of being a democracy that is looked up to by others as an example, and not wanting to set an example that is far below the minimum level of accountability in any other developed economy, which is what we would be doing—we would be setting a precedent here that should concern everyone.

Secondarily, it is in our interest to do that, because there is going to be a political hue and cry about various provisions in probably all the 40-plus deals. There is going to be something that someone does not like about them. That is the nature of trade agreements. Some sectors win and some lose. Losers complain and winners keep quiet mostly, because they do not want to provoke people who won. The objective is to have a net benefit, but that does not mean that within that there are not winners and losers.

There is going to be controversy associated with these arrangements. Having effective and robust consultation now will help insulate the negotiating process and provide a rationale for all of you, the Members, to go to your constituencies and say, “Look, there is a reason why we are doing it this way. We have had an oversight process. Here is what the country will get out of this.” For those districts or constituencies that will be negatively impacted by a deal, you will be able to go to your constituents and say, “Okay, on this one we may not do so well, but we will do well on this and this and this, and the net benefit to all of us is positive.” The consultation process provides all of you with the ammunition you need to explain why at a real level—the firm level and the sectoral level—transitioning the arrangements in the way that they will be agreed is in your constituents’ interests and the national interest.

Without that dialogue, you do not have that ammunition. Every time you are hit with a news story, you will have to go and ask the Ministry concerned, “How do I counter this?” Being reactive all the time on trade policy has a very unhappy history of negative views of trade in general, and of deals in particular. Criticism does not have to be true to stick, as I am sure we are all familiar. I would say—Nick might disagree—that there was some criticism of TTIP and provisions that were alleged would be in the deal, such as things that affected NHS procurement, which were actually excluded from the negotiating mandate. The fact that those criticisms were levelled did not stop there being a political cost to the negotiation as a whole from the allegation that those provisions would be inbuilt. On a pragmatic basis, there is a very strong argument for a robust consultation process, but the negotiators themselves are going to need information that is in the private sector and in academia as part of their negotiating arguments, and without a robust consultation process they will not have access to those.

The Chair: Can I say, before I go on to the next person, that I have at least six people who still want to ask a question and we have a maximum of 23 minutes, so can people bear that mind?

Q22 Mrs Kemi Badenoch (Saffron Walden) (Con): I would like to bring Mr Howarth into the conversation. Going back to the purpose of the Bill and the need for the continuity agreements with those countries that are covered by EU deals, how practical is it, in your opinion, to transfer those agreements into bilateral trade deals?

Christopher Howarth: It is important, getting back to the Trade Bill, that it only gives a power for existing trade agreements. These trade agreements are already in force and companies already rely upon them. When we talk about impact assessments, the biggest impact assessment is that these agreements are already in force or have already gone through a scrutiny process and may come into force, such as CETA. Obviously, in leaving the European Union, we are moving to a different scrutiny system. Before, they could be decided by the Commission, the European Parliament by qualified majority voting or, in the cases of mixed agreements, you would have to get unanimity, occasionally from devolved Administrations as well. We are moving to a new system, but these agreements are already in force.

The relationship with the European Union (Withdrawal) Bill is that we are keeping retained legislation and we are keeping the EU standards, so if there are any amendments to these agreements, they have to be in line with the regulations—the food safety and environmental standards—that are being retained in UK law. The scope for actually changing things is quite narrow. These have been through a scrutiny process. They are in force. This Bill is necessary, in my opinion, so that the people who rely on these agreements can be sure that they will be transferred over in time.

Q23 Mrs Badenoch: And the practicalities?

Christopher Howarth: Trade agreements do traditionally take a very long time. In this case, they are already in force and we already have texts. Small amendments may need to be made around quotas—in some of the agreements we need to agree with the European Union and the counterparty how to split the quotas up—but the texts by and large have been agreed. In the future we may wish to come back to them to improve them or to fit them more to UK interests, but these agreements do exist. Trade agreements traditionally take a long time. I refer you to Parkinson's law: that trade agreements tend to expand to the amount of time available to negotiate them. If you give trade negotiators 10 years to negotiate an agreement, it will probably take 10 years. In this case we have a fixed deadline, and I assume both sides will want to fit the negotiations and the necessary functions to that.

Q24 Barry Gardiner: You made an important point. Clearly we need to ensure that the trade we have with many of these existing partner countries continues. That is an essential focus, which I think is uncontroversial around this room, but when you are talking about the amendments that might be made—as these treaties cease to be simply EU treaties that we are part of and become bilateral relationships with these countries, new

treaties and distinct legal entities, as the addendums to the Bill have made clear—do you agree that it would be a fine opportunity for many of these countries to say that they want greater access to our markets in return for having this new agreement with us, or that they might take the opportunity to protect their market a little bit more? Might one of the reasons why the Bill puts in place a Henry VIII power be precisely because it envisages a scenario where such amendments might be made and where we might have to accommodate them, and the Minister then adopts that power in order to do so?

Christopher Howarth: I think it is true to say that the agreements the European Union made were fitted around European Union interests and that if the UK were starting from scratch, we may have had other interests. The EU interests would protect French farmers and the French audio-visual industry. You would get a price on the other side, say with Canadian agriculture. If the UK was doing it, we might do it differently. That is probably a discussion that would take longer and we would come back to later, and these agreements would probably stay exactly as they are. On the scrutiny side, we had a sort of mirror of this debate in the European Union (Withdrawal) Bill negotiation and discussions in Parliament. There may be some—

Q25 Barry Gardiner: Sorry, I did not ask about the scrutiny. I asked about the Henry VIII power, because if, as you have just suggested, most of these things will simply be rolled over and there will not be changes, what is the point of the Henry VIII power? Why would the Government need that, unless they precisely envisaged that there would be changes that they required that power to accommodate?

Christopher Howarth: There may be some minor changes, potentially around the EU agreements and our relationship with the European Union. If there is an EU-agreed quota in an agreement with a third country—in terms of how we split that up, how we change that or the wording of the agreement—then there may be references that need changing in the agreements. There may be minor changes, but I imagine the substance of the agreements will stay pretty much as they are.

Q26 Barry Gardiner: Why would a third-party country not take this opportunity? You took the issues of audio-visual in France, agriculture and so on. Why would a country not see this as an opportunity to get a better deal, as Nick Ashton-Hart has suggested they may well do?

Christopher Howarth: Indeed, it might be an opportunity for the UK to get a better deal, because if we are a more liberal economy and we have more to offer, we may be able to get better access.

Q27 Barry Gardiner: Indeed, but we have the need for speed. We do not want to gum things up. We want this to be done as quickly as possible, but that may not happen. Knowing that we are between a rock and a hard place in terms of time, other countries might see a negotiating advantage and an opportunity to press their case. Is that not the case?

Christopher Howarth: Yes, but speed will probably be the overarching thing that dictates that they will remain as they are for the foreseeable future. We may come back to that at a later date.

Q28 Iain Stewart (Milton Keynes South) (Con): To follow on from that question, the Bill contains a five-year sunset clause. How practical would it be to get substantial changes to existing arrangements in that timeframe?

Christopher Howarth: The timeframe that we are working on at the moment is that we will leave the European Union on 29 March 2019, so that will be two years, then three years after that. That is a substantial time in which to negotiate. The United States and Australia negotiated a full agreement in roughly two years. Some countries take longer, some less, but that would be a substantial amount of time to revisit and improve agreements.

Q29 Iain Stewart: May I also ask about the cost of not having those continuity agreements? What would be the impact on British business if we were not able to replicate the current deals, or something very close to them, at the point of leaving?

Christopher Howarth: The countries that the European Union has agreements with—South Korea, South Africa, Mexico—are major trading partners. Something that has not been mentioned so far is the plurilateral World Trade Organisation government procurement agreement, which gives British businesses access to over £1 trillion of Government contracts around the world. As a liberal country that tends to accept contracts from other countries, it is important that we get reciprocal rights for British businesses to other countries. Remaining part of that plurilateral agreement, which the Bill allows, would be important for British businesses when seeking Government contracts abroad.

Q30 Nick Smith (Blaenau Gwent) (Lab): I have a quick question for Mr Howarth and a longer question for Mr Ashton-Hart. Mr Howarth, you are a senior researcher at the House of Commons. Who exactly do you work for?

Christopher Howarth: I work for a group of mostly Conservative MPs.

Q31 Nick Smith: Mr Ashton-Hart, can you tell us more about the Australian Parliament and Government and how they do trade? In your view, how effective is that?

Nick Ashton-Hart: I am not really an expert in how the Australian Government do their consultations, so I cannot describe them in detail. I can describe how the trade officials who I deal with view them. From my conversations with trade officials over the past six or seven years, most of them find the oversight process challenging. The Australians are no exception to that.

For example, in the discussions on the flow of data that have taken place at the WTO and in the trade in services agreement negotiation, of which Australia is a part and which the US and Australia created, a significant portion of all the issues that delayed all the services parts—all the digital elements—of TISA were related to the flow of data and to the Australian negotiators' view of what they could get their oversight processes to consent to in relation to it. A comprehensive change to their data protection regulation came into force about four years ago, and its structure made it impossible to evaluate how it would work in a plurilateral context because of how it applied liability when private information was given to non-nationals. That meant that they were

unable to make an offer or respond to other offers for a considerable period of time—about 18 months, I think—as a result of their oversight process at home. That was in relation to just one part of the plurilateral negotiation.

That example has held true. I have seen it happen with probably half a dozen countries on various issues over time. If there is a political problem in one area, it generally gums up everything else because it is often not convenient for you to say, "I have a problem in Parliament at home, so I cannot talk to you about x and y." Instead, you would say, "We are still consulting on that." Meanwhile, you will ask for something impossibly difficult, knowing that the other party will then get stuck. Once your problem goes away, you can withdraw the thing that is causing things to stick over here, because this is the political economy. You do not want to be negotiating on your weaknesses. You want to negotiate on someone else's, so you have to create them if you have a negotiating bloc.

Q32 Alan Brown (Kilmarnock and Loudoun) (SNP): You have mentioned that a lot of the existing deals are premised on the fact that you have got 28 EU countries and, therefore, are negotiating for a majority and compromise. Why would UK Ministers choose to just accept these deals and not be tempted to try and use Henry VIII powers to manipulate the deals or negotiate further? Why would they accept it is already a compromise?

Christopher Howarth: It is probably a matter of practicalities. There are a number of these around the world and starting negotiations with all of them at the same time is probably impractical. That is not to say that these agreements were not based on EU interests; UK interests are slightly different. There are things we would have prioritised to gain access for British companies and there were some defensive interests that were not relevant to the UK. Taking an example: citrus fruit or things we do not produce in this country. There were things we would have done differently.

These are probably questions to come back to at a later date. At the moment, it is about trying to make sure these agreements still exist when we leave the European Union, so it is the practicalities of getting these agreements moved over into the UK's name and out of the EU's name, putting the UK's signature on them.

Q33 Alan Brown: You also mentioned quotas. How did quotas get allocated in the new deals? How does that come across without effectively leading to a renegotiation of a whole lot of deals, because so many countries have got vested interests in different quotas?

Christopher Howarth: If one of the European Union's agreements has a quota in it, as the UK leaves, the counterparty might wish to continue to be able to export the same amount into the European Union and the UK. So it would be a three-way negotiation, which would involve splitting the quota up, with different countries taking different views as to what the fair way to do that would be.

Q34 Alan Brown: So it would still be a negotiation; there is no straight carry-over of quotas.

Christopher Howarth: Yes, it would need splitting up. You either do it with the counterparty via the WTO and you would need to discuss it with the European Union as well.

Q35 Alan Brown: This is more for Nick Ashton-Hart. You outlined that you really think Government should be doing impact assessments—assessing risks and opportunities. In terms of risks and opportunities, am I correct in thinking that the Government also need to look at how they are shaping their future domestic policy? We have heard that part of Brexit is that it is supposed to give opportunities to replace the common agricultural policy, but surely if you are looking at existing trade deals—taking them over, risks and opportunities—you need to look at a whole raft of other policies that are going to replace current EU-agreed, Europe-wide policies and procedures.

Nick Ashton-Hart: It depends very much on the nature of the deals in question and how recent they are. All the deals tend to be more focused on tariffs and the like, whereas it is somewhat simpler. Where it involves services, yes, even though these agreements are in force now, as was explained, you still have to accept that what France wanted from that deal when it was negotiated, what Germany wanted, what we wanted: these are not the same as what we and the other party want now. There are things such as protections for certain industries that we do not protect, but the other party will say, “Can we take that out?” and we might say, “Okay, but then we want this over here.”

Human nature is such that, if you are given a chance to negotiate on something and it is of serious monetary value, you are going to ask for a better deal than you got last time. If we buy cars, we do this. We don’t go and buy the car and say, “We will pay full price”—although some people might—or a house or the like. Countries do not do this. So you have to assume that normal human behaviour is not going to be thrown out of the window simply because we are in a hurry to transition our arrangements over to someone else. You have to assume that human nature will still apply and the other country is still going to behave as a rational negotiating partner, which is to seek their advantage from our need for speed.

The only way then to proceed is to say, “Okay, let’s look at these deals as they apply to us now and let’s consider: what is the other side likely to ask for? What is it in their interests to ask for and is it in our interests to agree to it, because it is expeditious, or because it is in our interests, or both?” You have to treat this as a negotiation, not as a replication.

Q36 Barry Gardiner: Would we be negligent if we did not take this opportunity to try to improve the economic benefit that we get out of these deals?

Nick Ashton-Hart: I cannot imagine that the constituencies of this country would see it any other way. This is a substantial portion of our GDP; it is a substantial portion of our export and import. How can you say to people that you passed up an opportunity to make things better, when that was part of the premise under which we are doing this whole exercise in the first place? And our other counterparties certainly will not see our need for speed as anything other than an advantage to them, because it is. We are the ones in a hurry. Japan is 1.8% of our exports or something like that.

The Chair: May I just say that I have at least two, and possibly three people who still want to catch my eye, and we have a maximum of four minutes left? So perhaps a short question and a short answer would help.

Q37 Gillian Keegan (Chichester) (Con): You mentioned Australia and that example sounds truly horrendous, in terms of gumming up. By the way, I think that in Australia trade deals are signed and agreed by the Cabinet, not by Parliament. Bearing in mind that you are talking about whether we are really in a negotiation starting from scratch or a replication with minor changes, 18% of the world’s data is currently hosted in the UK. There are businesses right across Europe that are completely reliant on all of that trade working the day after. So do you not think that because there will be business pressure on things actually running practically, that will ensure that this negotiation does not go back to the beginning, because the business pressure is that it continues as efficiently as it runs today?

Nick Ashton-Hart: If people are trading with us now under an arrangement, there is an incentive for them to see that it continues. I am not suggesting that that is not true. What I am suggesting is that it is an opportunity for the other parties to ask for things that they wanted last time and did not get, or that the passage of time of those agreements—age—means that it is appropriate to ask now. I am saying that everyone needs to bring home some benefit for something.

Q38 Gillian Keegan: If that benefit has a cost of businesses not running, that will not be seen as a benefit in their own countries. That is what you are weighing up here, is it not? The status quo operating as efficiently as it does—

Nick Ashton-Hart: I am saying that I have never seen or heard of a Trade Ministry not asking for some improvement when any deal is being renegotiated, because that is how you are seen to be doing your job.

Q39 Gillian Keegan: I do not think that we have seen anything quite like this, in terms of trade deals.

The Chair: May I move on finally to Anna McMorrin, because she has been waiting patiently, for probably the last question?

Q40 Anna McMorrin (Cardiff North) (Lab): May I ask Nick Ashton-Hart a question? In order to continue with the same access for our companies and the same conditions for supply chains, will not these deals need to be trilateral rather than bilateral, with an aspect of co-operating with the EU?

Nick Ashton-Hart: It depends on the nature of the agreement. If it is a situation where a quota has to be split, then yes. We see this in Geneva now, where the quotas at WTO level are being split up, or even our closest trading partners are arguing over whether one plus one equals one. In other areas, it is not necessarily the case. It really depends on the way the original agreement was made, and who else might benefit from a change to it through an MFN clause, or the like.

Q41 Anna McMorrin: I was particularly thinking about rules of origin and diagonal cumulation.

Nick Ashton-Hart: Where there are rules that we are accepting from the EU, then of course we have less flexibility to make a change if it is asked for by the other side; that would conflict, of course.

The Chair: Order. That brings us to the end of the time allocated for the Committee to ask questions. I thank witnesses for their evidence, and I thank Nick Dearden and Nick Ashton-Hart for their written evidence; I am sure that we are all grateful for it.

Examination of Witnesses

James Ashton-Bell, Chris Southworth, Tony Burke and Martin McTague gave evidence.

10.26 am

Q42 The Chair: We will now hear oral evidence from James Ashton-Bell, head of trade and investment at the CBI; Chris Southworth, secretary-general of the International Chamber of Commerce UK; and Martin McTague, national policy chairman of the Federation of Small Businesses. We were also due to hear from Tony Burke, assistant general secretary of Unite the Union, but I understand that he has been caught up in an evacuation and will get here as soon as he can.

For this sitting, we have until 11.25 am. Would each of the witnesses please introduce themselves for the record?

James Ashton-Bell: I am James Ashton-Bell, head of international trade and investment at the Confederation of British Industry.

Chris Southworth: Chris Southworth, secretary-general of the International Chamber of Commerce here in the UK.

Martin McTague: I am Martin McTague, national policy director for the Federation of Small Businesses.

Q43 Matt Western (Warwick and Leamington) (Lab): This is a question for Mr Southworth. Does the Bill as it currently stands have the support of businesses?

Chris Southworth: There are four key elements within the Bill that are broadly in the right direction of travel around setting up a trade remedies Bill, sharing data and so on, but there are missing elements—I think we agree with a much wider community of non-governmental organisations and unions—where we need a more inclusive approach to dealing with trade, more democratic oversight and more policy connectivity. We are speaking in a context of G20, where there is a very public commitment to developing a free trade model that works for everyone. That is missing in the current Trade Bill.

Q44 Matt Western: Mr Ashton-Bell?

James Ashton-Bell: I think we start from the place that the Bill does a lot of really important things for business, in terms of providing continuity. Continuity is absolutely key in all business leaders' minds when it comes to our trade relationship with the EU, but also with third countries and the World Trade Organisation. The Bill goes a long way toward providing assurances with regard to the WTO on things like procurement, ensuring—as you have heard—that trade remedies are available and provisions for replication of free trade agreements that we currently enjoy through the EU.

I think business is looking for more in the longer term, and there is a broader question about whether or not this is the right vehicle to use to create the kinds of structure that they need around consultation. Any major

trade country in the world has extensive and formalised ways of engaging with civil society to ensure that they get the maximum amount of input into trade policy that they need. The question of whether or not this is the right legislative vehicle to create such a structure and such a process is one that I will leave to Members, but business is looking for those kinds of structure, and if not now, when?

Q45 Matt Western: So you both agree that you would be looking for more consultation and more transparency. Is that fair?

James Ashton-Bell: Yes.

Q46 Matt Western: Mr McTague?

Martin McTague: Our clear priority is the transition process. It is vitally important that there is no cliff edge at this very early stage. Our members, and the small business community as a whole, see this as an enabling Bill, something that will help a smooth transition, so in principle we welcome it.

Q47 Matt Western: May I link to that and ask about your experience with other countries, where you may have visibility? How do they do this better and what should we be considering to include in the Bill?

Chris Southworth: There is a general recognition across the international community since the EU referendum—of course, that was followed by Trump and further issues across the G7—that the existing models for handling trade need to change. That is because there is a disconnect within society and over wider communities and regions, particularly in the lower-skilled areas, where they have not benefited from the growth of trade.

Everybody is looking for exemplars. Some countries have more structured set-ups, such as the US and New Zealand, where it is much less around the ad hoc consultation and engagement that we have in the UK. That is one key point to make. There are definitely lessons to learn from elsewhere, including the EU, I have to say. The propositions in the Trade Bill are a lesser option than what already exists within the EU. Although the EU itself can improve, there are elements of their structures that would work well for the UK, going forward. That is a key point to make.

The Chair: May I interrupt to welcome Tony Burke, who is the assistant general secretary of Unite the Union? We are very grateful to you.

Tony Burke: Apologies for being delayed. St Pancras and King's Cross tubes were closed. I have done some fleet footwork to get here.

The Chair: We appreciate that and are grateful that you managed to get here.

Q48 Matt Western: Mr Ashton-Bell, would you like to comment?

James Ashton-Bell: I support everything that Chris has just said. For us, we look at the spectrum of different formal ways of engaging civil society. At one extreme you have the United States, which has an incredibly elaborate set of technical committees, numbering several hundred different members of civil society, to provide

technical assistance to officials. At the other extreme there are less formalised systems for economies that tend to be a little bit less complex and tend to be significantly smaller than ourselves.

Business would come down somewhere along the lines of being closer to the US model than something less formalised for a less complicated economy that is also quite a bit smaller. Does that mean we need everything that the US model has? No, absolutely. We need a UK-specific bespoke model but it would probably be quite elaborate, to ensure that it takes in every business and wider civil society from across every region of the UK, across every size and shape of organisation and across all the different types of technical expertise, which crosses many different policy issues—everything from intellectual property to issues of data.

Q49 Matt Western: You see this as crucial to getting a good deal?

James Ashton-Bell: I struggle to understand how any Government, engaging in trade policy, be it at multilateral or bilateral level, would be able to get the best possible outcome for that negotiation unless they were using the full strength of their economy, pooling from the best minds that exist within and outside Government.

Q50 Matt Western: Mr McTague, do you have a view?

Martin McTague: It is difficult to draw parallels with any other country withdrawing from a 40-year relationship. The view that we have taken in the past is that consultation has worked well, inasmuch as the small business community, which we think is a vital part of the economy, has been listened to, and we would hope that that would happen in future. However, there is a temptation, because the bigger corporates sometimes have more access to Government, that small business does not really get listened to. This component, we think, is absolutely vital in the development of the policy.

Q51 Mr Prisk: Can I ask the witnesses about the Trade Remedies Authority? In your opinion, how effective do you think it could be, given that the Bill provides a framework? I appreciate there are lots of details to fill in later. How independent do you think that authority can be, given the way in which the Bill is currently drafted? I will start with FSB and work my way along.

Martin McTague: At the moment our view is that the early stages of development of TRA look encouraging, but we know they are a consultation. We know that they are looking at a variety of different options, and we are willing to wait for the consultation process before we get into a committed decision.

Chris Southworth: The principles are there in terms of setting up a trade role and it is as much to do with the speed around that. I would echo the same thoughts: there needs to be a lot more consultation around them and there needs to be clearer evidence of learning best practice from others. We are not the only country proposing a Trade Remedies Authority. I would start with the idea that having a trade remedies authority and the core concepts that exist in this Bill feel broadly right.

Q52 Mr Prisk: Do you feel that there is sufficient distance between the Secretary of State and the TRA?

Chris Southworth: Yes, I would have thought so. I do not think there should be any opposition to the idea that one may need to evolve in time. The UK has to re-learn how it does trade as an independent country, so we will not get it 100% right in the beginning. It should be able to evolve over time, and if there is a better way of doing it, then do it.

James Ashton-Bell: I take a slightly different view. As to what is in the Bill at present, our internal analysis of the Trade Remedies Authority is that there is a fundamental question, and we are looking for an answer to it: that question is about who makes the ultimate decisions about when to take action and when not to take action.

Having an independent organisation to advise on the data that exists—or does not exist, in many cases—is useful. The EU has found time and again that it does not have access to the kind of data information it needs to draw the kinds of concrete conclusions that it would like to draw. Given that scenario, it is useful to have an independent organisation to make those choices and to be clear about what information is and is not there.

When you have things like the economic interest test that is currently being floated as part of this authority, which in essence allows for the identification of particularly problematic trade behaviour from a third country and for it not to be actioned by the Government or authority, it means that there will be a decision at some point not to take action. If there is not enough information, then that in itself becomes a subjective decision about which parts of the economy are worth protecting using these particular tools, and it is argued that, if a subjective decision is going to be made, then it needs to most certainly be made by a Minister who is accountable for making those choices.

Tony Burke: Right from the get-go, the Manufacturing Trade Remedies Alliance, which consists of three trade unions and a number of trade associations including UK Steel, chemicals industries and ceramics among others, pressed strongly to get a trade remedies clause or a structure in there. We were able to put forward our proposals in advance of the discussions taking place at this level. One of the things that we would say from the trade union point of view is that it is absolutely essential that the TRA has a trade union voice—a worker's voice—on it, particularly at non-executive level. We should also obviously be subject to International Labour Organisation conventions that protect workers in that remedies arrangement. We are supported by the employers on this. From our point of view, the situation in Unite is that we have many members in manufacturing who have suffered at the hands of dumping: steel, tyres, ceramic, chemicals and pharma. It is a big concern for us. We would see that we need a remedies authority that is transparent, and that has trade union and employer representation. At the end of the day, Parliament has to have consent over any decisions made.

Q53 Mr Prisk: You are happy that the authority is sufficiently independent at this point?

Tony Burke: As it stands, but we do not see the transparency that we would like to see, and we also have a view about what appears to be an ability for the Minister to appoint people. We believe that working people and companies should have an opportunity to have a say, and also for trade unions to bring a case. This is important. We have learned from America. We

have worked closely with the steelworkers' union in the United States. They as a trade union in America do bring cases to protect their members in steel, rubber, paper making and industries like that.

Q54 Barry Gardiner: Mr Ashton-Bell, can I pick up on something you said because I noticed that you were nodding when Mr Burke was saying that. You said you struggled to understand how we could get the best deal without engaging every part of society in the debate. You also posed the question of who makes the fundamental decision. Do you therefore agree with Mr Burke that it would be helpful to have, in the nine places available on the TRA, statutory representatives perhaps of small business, the trade unions and producers? At the moment, the Bill has it as a blank sheet for those nine spaces, and nobody is really quite clear who might be appointed. Perhaps you could all comment on that, starting with Mr Ashton-Bell.

James Ashton-Bell: My organisation does not have a defined position on that blank sheet of paper you have just described, but to follow your rationale, and consistent with what I have said so far, bigger organisations do not have a monopoly on understanding how trade impacts the economy. In anything where you are making choices about trade and how it will impact the wider economy, you should have a wide and balanced group of people advising Government, or an independent authority, about how to make those choices. That means, indeed, that small business are very much equal to big business, and workers also, because workers are just as impacted as the businesses themselves.

Chris Southworth: I just want to clarify my point. It is exactly the same: the representation is a critical point. An independent body, yes, but there must be representation within that independent body to represent all the important voices, which includes all those here, but I would also include NGOs and civil society, who have equal interest in the implications of trade. They must be at the table and that has to be in everyone's interest, including business—big, small and medium.

Martin McTague: Barry, it will not come as a massive surprise to you that, yes, I do agree that small business should be a serious voice on this. It is nice to know that James supports me. That is a welcome change. *[Interruption.]* It is something that we have clearly got unanimity on.

Q55 Mrs Badenoch: Speaking about the representation on the Trade Remedies Authority, there have been suggestions that Parliament should have a greater role on this board. What impact would that and other stakeholders have on the impartiality, accountability and timeliness of decisions? Could the panel tell us what they feel about having various nominations to non-executive membership? What impact would that also have on the independence and impartiality of the Trade Remedies Authority?

Chris Southworth: Ultimately, it is about having a rounded decision made by an independent body. That political oversight is critical—James is completely right. Ultimately, it is going to come down to a political decision whether a decision is made one way or the other. If you operate in an organisation like the World Trade Organisation, then all these voices come into play. It is incredibly important that the decisions prior

to any engagement in a global environment are made in a good way that is inclusive. The role of Parliament is critical in that too.

Q56 Mrs Badenoch: You don't think that that would slow things down?

Chris Southworth: Trade is slow, it is technical, and it is difficult. It involves implications for people's lives and for businesses of all shapes and sizes in every region. There isn't a component of public or professional life that is not impacted by trade. It is important that everyone has their say, so that when the negotiations begin, the negotiators and all the stakeholders are confident on what those positions are. It is equally important that, during the negotiation when important points come up that are difficult and tricky, which they always are at that stage, there is also an opportunity to come back and say, "What do you think? Do you agree with this, because we are going to have to make a compromise?" That could mean an implication for Welsh farmers, businesses in the midlands, or local communities in Sheffield. It could mean all of those things.

Q57 Mrs Badenoch: I am asking because I have had messages, particularly from farmers in my constituency, about remedies being very slow to be enacted. That is a real issue, so I would be looking for a very efficient remedies authority. I hear what you are saying, but I can also see a situation where the conversation goes on and on and no remedy comes forth. Justice delayed is justice denied.

Chris Southworth: Again, you need to come down with a political decision at some stage on whether or not it is right in terms of timing. The key point is: has there been proper consultation beforehand and has every stakeholder had the chance to voice their views in a proper structured format, not throughout the consultations, but in a proper structured way? That is the important point. Ultimately, there is always a sensibility around trade remedies, particularly if you are talking about things such as steel dumping. That has huge implications for a lot of people, particularly in geographies that tend to be vulnerable, so there is a difficult decision to be made. It is important that everyone has a chance to have their say about what that decision should be.

Q58 Mrs Badenoch: Does anyone else want to come in on the make-up of the board, impartiality, timeliness, and so on?

Tony Burke: I think we would agree with everything that was said about the make-up of the board. It has to be wide-ranging and it has to have expertise. On the point you raised: when we put our evidence in from the Manufacturing Trade Remedies Alliance—industry and the unions—we wanted a system that worked. Don't forget, we have not done this for a long, long time. We needed to make sure that we got it right. There were some folks' voices saying, "Let's have a fast-track. Look at America, it takes a long, long time". We said, "No, if you do fast-track, you could get it wrong". You need to have a system that works, step by step, but is widely consulted on, as has been said.

We may have problems in a particular industry, where we have to bring expertise in and we need to have people in that discussion at the remedies authority who know

exactly what they are talking about and are able to demonstrate it. They can be very complex. When we look at the US system, it takes a very long time and moves very slowly. We do not want to rush it, but we need something that works and is as wide as possible. As I said earlier, I do not think impartiality comes into it, providing there was oversight from Parliament.

Q59 Faisal Rashid: I understand there were 60,000 responses to the consultation. The trade White Paper was published the day after the consultation closed. I apologise if I am wrong, but I think you said earlier that you were quite comfortable with the process. Do you think it is practical and do you think the consultation feedback from the stakeholders has been taken into account?

Martin McTague: We believe it has been taken into account at this early stage, but a lot more consultation needs to take place. We have a position and we are developing that position on exactly how this will affect smaller businesses. At this stage, it is not a developed position.

Q60 Faisal Rashid: So what exactly has been taken into account?

Martin McTague: It is only in conversations with officials that we believe that a lot of those consultations have been accepted, or at least understood. We are not at a position now where we are taking a firm line on this issue.

Q61 Faisal Rashid: I am trying to understand in real terms what in the Bill has been replicated from the consultation?

Martin McTague: I can come back to you with concrete examples, but I do not have them at my fingertips.

Chris Southworth: No, I do not think it has been satisfactory at all, certainly for the international community, which is what I represent. When I asked the question of officials, “Who have you actually consulted?” I was told, “The USA and Japan.” That is completely inadequate in terms of the countries that the UK is trading with. Their voice—they also have SMEs, also in supply chains, also funding livelihood—is equally important. This is going to affect other people’s countries and communities. So it was completely inadequate and haphazard. If you happen to name a name, that person will get consulted. If that person happens to be missed, we do not know, and they are completely missed off the consultation. That is not a way to consult on trade. It is slapdash.

Q62 Faisal Rashid: Do you think it is practical that the consultation finishes tonight and the Trade Bill is published tomorrow? Is that practical in terms of taking all views into account?

Chris Southworth: As I understand it from the explanatory notes and the Secretary of State’s speech on Second Reading, there is no intention of consulting within the Bill—that all comes later, whenever that is. It was not clear in any of the communications whether that would be a further Bill or a paper. It all sounds distinctly like it will be something informal, which I would argue is completely the wrong approach. Bear in mind that the Bill is the first opportunity for Government to tell the world, not just the UK, how they will create a

free trade model that works for everyone. This is the moment to set out the stall on what that structure for engagement will be. It is all missing in the Bill. There is nothing in it.

Faisal Rashid: If there is no new Trade Bill, those Henry VIII powers stay.

Chris Southworth: I go back to my point that, if I were living in Scotland, Northern Ireland, Wales, the Yorkshire Dales—where I am from—Sheffield or the north, I would be concerned about where my voice is coming into this process. We are talking about rolling over the terms of 88 countries. That is a lot of countries, and they are not all EU. It is extremely unlikely to happen. I would want to have a say in that process, not to wait.

Tony Burke: When the Manufacturing Trade Remedies Alliance put forward its document, which it had worked considerably hard to produce over a long time, we were surprised at the speed at which the whole thing moved. There were areas that we had gone through in great detail to prepare.

As I have said, there was unanimity on things such as International Labour Organisation conventions, trade union representation and industry representation, and on some of the real technical detail as well, which we could not go into today. We would be happy to revisit that document. I understand that the other folk from the MTRA are giving evidence to a different Committee today, and I think they will say very much the same thing. We have no problem in going through it again and picking out some of the key issues from the point of view not just of trade unions but of industry.

Some trade associations on that body are very concerned about what could happen to their industries. They will be putting forward those points of view today. The speed at which it was done was far too fast. The view seemed to be that that was it, even though people had spent a lot of time putting the arguments together.

Q63 Tom Pursglove: In my constituency—I represent the steel town of Corby—trade remedies are not theoretical, but reality. Mr Burke, what do you think the impact would be of not having a Trade Remedies Authority in place on day one when we leave the European Union?

Tony Burke: The big danger is that, if we do not have one that works on day one, we could be subject to what we have already seen in the past few years. Steel has been subject to the most horrendous situation for the past two or three years—lots of jobs have been lost. The industry came together to try to make sure that it holds together, but without a trade remedies structure in place, the big fear is that we would be subject to the dumping of steel again, particularly from countries such as China, although I am not singling it out. That is one of the issues.

There are other constituencies where we talk to colleagues—MPs and others—and our members. The tyres industry, for instance, is very concerned about the dumping of cheap tyres on the market, which would undermine our premium brands and well-paid skilled jobs. We need something in place. Of course, as I have said, we have not had anything for 40 years and it will take some time to work through, but it is important to have a wider group of people who can push the arguments for various industries.

My fear, and the fear of our members in steel in Corby and other steel areas, is that, if we do not have trade remedies in place, we could be faced with horrendous dumping on the basis that, in respect of what is happening and what has been said, there is massive over-capacity. Steel in particular is being sold at cheaper rates than it costs to produce.

Q64 Tom Pursglove: I am grateful for that answer. One of the reasons that we could get to a much better place on steel was because politicians from across the political divide worked together and industry came together with the unions and the Government. That led to quite a lot of success, so were you and your members surprised that not all Members of this House voted to give the Bill a Second Reading? I ask that because further down the line, hon. Members who had genuine concerns could have tabled amendments to the Bill that potentially would have addressed the concerns, and let the House decide whether they were appropriate. Do you see any alternative to establishing the Trade Remedies Authority?

Tony Burke: You have to have something in place. Certainly, many of our members in the steel industry have followed this and are extremely concerned about what could happen and about market economy status being granted to China. Those are the key issues, and they will expect us to keep pushing the issues wherever we can to get this right. It was said earlier on. We do not want to just harp on steel—there are lots of other industries—but it is one area where we have had a really bad time. Many of our members in the steel industry understand the arguments and would expect us to come back to the issues again whenever we could.

Q65 Tom Pursglove: So they were pretty surprised that the Bill did not receive a unanimous Second Reading, with a view to amendments being tabled if hon. Members had individual concerns about things.

Tony Burke: We have not got to that situation directly in talking to our shop stewards and reps. We have been talking with our parliamentary colleagues who have steel in their constituencies, and our union reps are talking to them, so there would be concern.

Q66 Judith Cummins: We have heard a lot today about representation being vital to get the best deal and about gaining support from across society in terms of the Trade Bill and the trade deals. Tony Burke, in your view, is enough engagement in the formulation of trade policy with trade unions established by the Bill?

Tony Burke: No. We have been working with the Manufacturing Trade Remedies Alliance, which includes a number of trade associations—as I have said, steel, chemicals, fertilisers and so on—and I think there has been a coming together. We would have preferred a longer period, obviously, to go through this in detail—a longer period to argue for the things that we put forward in our document, which were generally accepted by everybody. To answer your question, the only way we are going to be able to make sure that the voice of working people is heard is to have representation on that body directly from the trade unions.

Chris Southworth: I would make an additional point. I completely support that point, but if there is one thing we have learned over the last year and a half, it is that

we have to accept that there is generally a low understanding of trade, and trade itself has moved on significantly in the last 40 years; the world we live in today is not the same as it was 40 years ago, either. I think that extra diligence in relation to consultation and informing the public, and business for that matter—businesses are in the same position, surprising as that may sound—is a good idea.

Q67 Bill Esterson: I want to come back to what I think was a comment from James Ashton-Bell about what goes on elsewhere in the world, because actually a number of you have mentioned the United States and the way it handles both consultation on and scrutiny of trade agreements, but also the trade remedies approach. We will start with you, James, and perhaps others will chip in. Where, in addition to the United States, should we be looking for examples of good practice in setting up our Trade Remedies Authority?

James Ashton-Bell: Specifically when it comes to trade remedies, I think the most important place to start is: where have mistakes been made and where have processes not delivered outcomes, either in a timely way or in terms of the right kind of outcomes for the wider economy? I know there is a lot that officials have been looking at to learn what not to do from the EU, because everyone agrees that that system is not perfect. Much of that thinking has coloured some of what has gone into this Bill. There are aspects of the US system that do not work. No one has a system that we have found you can hold up as an absolutely perfect system. There are always going to be different balances that have to be made, but the fact that officials working on this have looked at the US, Canadian, EU, Japanese and Swiss systems means that they have certainly made a good effort to try to learn from others' mistakes, and that is an excellent place to start.

Q68 Bill Esterson: Before I move on to the others, what are the mistakes to avoid?

James Ashton-Bell: Getting to some very technical areas that, as the Bill stands, would be covered by secondary legislation—so the devil will be in the detail—for me the central question is who ultimately makes decisions about whether to take action, where to take action and what is a proportionate action to take. The reason I say that is because taking action in a case of using trade remedies and defence is a highly political move and a highly economic move. It is never without controversy and, as I mentioned before, never with absolutely perfect information and data to make an objective decision.

Having very clear reporting structures and decision-making structures about who is the ultimate arbiter is key. Having lots of time for everyone to feed in as much information across the wider economy is key. So have as much information as you can at the beginning, but have a very clear process for using that information and have clear decision making to ensure that the outcome is someone's responsibility and that they will be held accountable for it. It feeds into our wider industrial strategy; it is not just a trade issue.

Q69 Bill Esterson: Again, before I move on, is there an example of a mistake that you think we could learn from—something specific that you are prepared to be drawn on?

James Ashton-Bell: The mistakes are usually procedural. I am not going to pronounce on individual decisions because, as I said, they are never made without controversy, and for me to pronounce on another country's individual trade remedy decisions would put me in a very difficult place. In terms of process, some have commented that in the American system, they can be very rushed and not all information or all stakeholders are taken into account. In other instances, such as with the EU, the process can be so long that they do not actually take action early enough to ensure that you can fix the problem when it is a problem. Procedure is absolutely core to most of the problems that occur when designing a system like this.

Chris Southworth: I have a difficult situation, which is a real one: the market status of China. That was very live last year or the year before. You have a classic situation there where we clearly want to be supportive to China as it comes on board as a global leader. China itself knows perfectly well that it wants to wind down steel production and that it is over-producing, but you cannot just wind down the Chinese economy overnight—that will take 10 years to do, as Europe did with its mountains in the past.

Where is the balance? In the meantime, the impact is on steel communities in the UK, across Europe and other parts of the world—we are not on our own—but who decides what that balance is? There is an implication either way on either the political relationship with China and supporting the Chinese economy, or local communities here in the UK. Someone has to come down and say, "Okay, this is where we are going to be." That may potentially evolve: you may want to take several positions over a period of time so that you get to the end goal that you collectively want, but that must involve the people who will be impacted by those decisions.

Q70 Bill Esterson: Bearing in mind that the Taxation (Cross-border Trade) Bill deals with the powers, what do you see in this Bill as a way of addressing the concerns that you have just raised?

Chris Southworth: I have already made the point, and broadly speaking I support the comments made here that you have to have something on day one. Do not be afraid to evolve that over time, but you have to have something in place that feels broadly right. Having listened to the conversations here, I would say that the stakeholder representation needs to be looked at, but the basic structure is there to work with—get on with it.

Q71 Bill Esterson: Tony, I take it from what you have said before that you agree.

Tony Burke: I agree with some of my comrades here. Everybody has got to look around the world at different systems. In Unite, we are focusing on the US system primarily because of our relationship with the United Steelworkers union in the States, which, as I have mentioned before in other areas, almost does this for a living. It has officials on the hill working on this all the time, and at times it is very time consuming and costly. So if there are many mistakes, they can either be rushed in the States, as has been said, or be very slow and very costly. We are looking for a system that works and that can be easily understood. I do not know whether you want to extend the debate into the market economy status for China. I will resist the temptation, but I have to say that that is a major issue for us in our industries.

Martin McTague: The only thing I would add is that in the States there is a temptation—there seems to be plenty of evidence that it happens—for the bigger, more concentrated industries to get dealt with more quickly. What you have got is that the more fragmented industries that are supplied by lots of smaller companies do not get dealt with effectively.

Q72 Gillian Keegan: As I think you said, there is no perfect system today. You have acknowledged that there has been some attempt to go out and find out what best practice is, but what we should be doing is comparing with the system that we have got today. Today's system probably has some challenges. It is EU commissioners and civil servants who decide. They send out questionnaires to get some of the interested parties' involvement and input into their decision when we are faced with dumping or unfair trade practices. Surely the TRA represents an opportunity for us to do things better, and to design a system that will improve where we are today and, as you say, evolve over time. What we have today is not what you are describing as the minimum starting standard for our TRA as we move forward.

Tony Burke: The EU system was slow. At times, when we had the situation that I mentioned—going back to steel, when we had a crisis—we were quite concerned about the glacial pace of getting the whole thing moving and recognising what was happening. We are looking for the TRA in the UK to be, as I said, one that we can move forward on, and for decisions to be made that will assist companies and industries fairly quickly, without being too rushed—you need to take opportunities to listen to what people have got to say and take the best advice and evidence.

Q73 Gillian Keegan: Is there any comment from you, James and Chris?

James Ashton-Bell: My only comment would be, based on what is in the Bill, that it feels like there is a good framework to start with, and to work from that to create a better version of what the EU currently has, but much of whether or not that will be successful will be defined in secondary legislation, I believe. Based on what I have seen, we have a good starter for 10; we now need to build on it and ensure that more consultation responses on some of the more controversial issues are taken into account, and then translate that into secondary legislation.

Chris Southworth: I would support those comments. I would not be too quick to dismiss the EU; they are very difficult decisions to make across 27 countries. The decisions themselves are incredibly diverse, as well as the 27 countries being diverse. There are very difficult decisions when you are talking about these kinds of issues around trade remedies.

Q74 Gillian Keegan: I accept that. You talked about the farmers in Wales and the industries in Yorkshire and all the different parts of our country, and that is why it is complex, but add another 27 countries to that and, by definition, it gets more complex.

James Ashton-Bell: Correct.

Chris Southworth: I agree.

Martin McTague: The principle is that we want to get this thing up and running as quickly as possible—efficiently and possibly more efficiently—while taking into account

some of the interests of smaller businesses. I think that that is clearly understood, and we support the points that James made earlier, but do we need it? Is it something that essentially has to be there on day one? I do not think there is any doubt.

Q75 Barry Gardiner: I am heartened by what has been said about taking this as an opportunity to improve things. I think that that is absolutely right of both the TRA and the scrutiny. The EU is evolving its system to include social and environmental dumping in trade defence. Does the panel think that we should include those things in our TRA? If the EU is doing that and we are not, do we risk becoming the favoured dumping ground against Europe, which is adopting such measures?

Chris Southworth: Again, I think it all goes back to consultation and scrutiny. If people have an opportunity to look at the measures or issues properly, you are more likely to head those issues off. I agree that we do not want to become the second best option, or the optimal option for the wrong reasons, if you know what I mean. At the end of the day, these are people's livelihoods, so it is very important, but it comes back to the same premise throughout this conversation: consultation, proper scrutiny across the stakeholders with Government and then coming to a conclusion as to what is right.

Q76 Barry Gardiner: Specifically on the way in which the EU is introducing those environmental and social considerations into its assessment, I think the proposals elsewhere in the Taxation (Cross-border Trade) Bill are talking about the powers of the Bill and clearly that will be more closely defined there, but in principle, are those considerations ones that you would like to see in any impact assessment that the Government are conducting on their trade remedies?

Chris Southworth: If we are going to create a free trade model that works for everyone, the answer is absolutely yes. There must be those considerations and there must be that input from the range of stakeholders. It has to be the right way forward. It is the only way forward, because what we definitely know is that what we have at the moment does not work. The backlash to that model is sufficient to make everybody sit up in their seats and say, "That doesn't work, let's try and be better." The answer to your question is yes.

James Ashton-Bell: I agree with that. We do not have a defined position as an organisation on this, but I would say that we do have a defined position that trade, industrial strategy and your wider domestic agenda are inherently linked and should never be seen as running in parallel or separate. Given those concerns, we would say that you would never take a decision on anything to do with trade defences without taking into account every impact on your wider economy before making that choice.

Tony Burke: I agree. The question of taking the environment into account is important, but so is this question of social impact. When you look at what could happen with the dumping of goods and how that affects particular companies or industries that centre around certain areas, I think it is absolutely essential. As colleagues have said here, you have to take into account an industrial strategy that ensures that all regions and industries—particularly foundation industries—are protected as best

as we can possibly do it. We definitely would need to include the environment, but social impact on localities and industries is very important.

Barry Gardiner: Protect Mr Pursglove's constituents.

Martin McTague: The only thing I can add to that is that I do not see anything in the Bill that prevents you from doing that. This is something that we would support in secondary legislation.

Q77 Barry Gardiner: Just to follow up, when the consultation period on the Bill ended and the MTRA had submitted its evidence to the Government, how long was it before the Government published the Bill, and do you consider that the Government took time to properly consider the representations to the consultation that they received? Did that maintain trust in the process from industry bodies?

Tony Burke: Are you referring directly to the MTRA's evidence, Mr Gardiner?

Barry Gardiner Well—

Tony Burke: Yes. Well, as I said earlier on, one of the issues was that we have done a tremendous amount of work on this and lots of wide consultation. We came up with our proposals and we were quite surprised that almost overnight that was what we were going to do. What was the feeling? The industries represented on there were somewhat taken aback that it was done so quickly, and concerned—as would be expected—about whether their voices would be listened to. From the union's point of view, that was very much the same. We thought that we had done one hell of a lot and put the arguments there very clearly, and obviously some of the key issues for us, such as ILO standards and employment protections, were not there. Hopefully we can try to revisit them and get them in at some point.

Q78 Barry Gardiner: Just for clarity, the consultation finished on 6 November and the Bill was published on the 7 November. Is that right?

Tony Burke: I believe that was the case, but then I will stand corrected. I remember it all happening.

Q79 Barry Gardiner: Mr Ashton-Bell, what are your comments on the way in which that would be perceived in terms of consultation being effective and the trust that Government were engendering?

James Ashton-Bell: The thing I can say is that the optics were not ideal.

Barry Gardiner: You should go into the diplomatic service.

James Ashton-Bell: We start from a position that much of what is in this Bill is a framework. The framework itself can be argued to a greater or lesser extent as non-controversial. The controversy starts arising when you start putting in the detail that is not currently in the Bill as it stands and, from our perspective, more importantly, what is not in the Bill at all and probably should be. Those are bigger questions.

On that basis, we know a number of conversations happened in the run-up to publishing this Bill, particularly around the issue of dumping. The elements that went

into the Bill seemed to be the ones that were the least controversial and could be built around with more detail. Presentationally, was it the right thing to do? Maybe not, but I have more confidence that there is opportunity for the House to alter this legislation to fill in on the more controversial element.

Chris Southworth: My overall impression is twofold: too fast, and not enough consultation of the international business community, bearing in mind we are talking trade here. This is not public health in Yorkshire or somewhere. This is trade. We must be talking to our trading partners, who are just as perplexed and confused about what is going on over here as anybody else. I don't think they were consulted enough, partly because of the speed and partly because there was not enough communication as to what the UK is trying to do. That would be my answer.

Martin McTague: The best way to answer this is that small business as a whole is completely split down the middle. If I speak to the average leave voter, they would say "Why don't you get on with it?" This isn't fast enough for them. The average remainder will consider it a recklessly rushed process. We are not reaching a conclusion—it depends on which perspective is looking at this. That is largely the view we are getting from small businesses.

Barry Gardiner: But however quickly you take the process, you would want—

Martin McTague: How quickly you take the process is either perceived as being far too fast or reckless.

The Chair: I have at least three people still seeking to catch my eye and we have a maximum of eight minutes. If we can have short questions and short answers, and if a panellist does not feel they have anything to add to someone else's answer, perhaps we can skip on, just to try and get as many people's questions in as possible.

Q80 Alan Brown: Chris, earlier on you made comments that said that if you were part of the devolved Governments, you would have concerns about their voices being heard and taken account of. Both the Scottish and Welsh Governments have expressed concerns that, at the moment, they are seeing the withholding of the legislative consent motion. When they are asked as to their representation on the Trade Remedies Authority, do you agree that would be a good starting point?

Chris Southworth: Overall—not just the Trade Remedies Authority—I would be concerned if I were in the devolved Administrations. There is specifically no opportunity for the devolved Administrations—or the regions, I have to say—to feed into decisions on trade. I would be very concerned about that, particularly in the devolved Administrations, where there are vulnerabilities on a whole range of different industries.

Q81 Alan Brown: You then made recommendations of changes that could be made to the Bill as it stands, which would start to ease these concerns.

Chris Southworth: My point is back to James. What is missing in the Bill is clear direction on what the Government are going to do to create a new, more inclusive structure to include all the stakeholders. That is the central point to all of the content of the Bill and every other Bill relating to trade, going forward. We must do things

differently and it is all missing. There is not even a reference to it. There are references to things that will be very agitating, such as Henry VIII powers—the ability to overrule. That, to the outside world, will look like an aggravating factor, I would have thought, when we need to do the opposite and be more inclusive.

On the world stage, I have to say, the UK Government are exemplary on this. We are pushing out the message very publicly, as the Secretary of State was doing in Argentina just before Christmas time at the World Trade Organisation ministerial conference, around inclusive trade—the need to do trade for everyone and to make it work for everyone. It was exemplary. We were the most vocal Government around it, actually, but back home, when you look at the Bill, you think "That doesn't make sense." That was my reaction to it.

Q82 Alan Brown: Does anyone want to add anything about devolved Administrations?

James Ashton-Bell: I agree with that.

Q83 Faisal Rashid: Obviously, we talked quite a lot about consultation and stakeholders, and I really appreciate that. Listening directly to you guys from very powerful organisations in our country is important for all of us parliamentarians. I need to understand exactly how important it is to consult with stakeholders in forming the Trade Bill or trade deals. What could be the impact for UK businesses in future if that is not done in the right way? I would like one quick line from each of you. Another quick question for Tony: does this Bill have the support of trade unions, yes or no?

Tony Burke: As it stands, no.

Chris Southworth: Look at what you have got today. That is what you get when you do not get proper consultation and involvement in trade. That is what we are dealing with right now: huge social division, division and disparity across the regions, industries vulnerable. You get all of that. That is what we are dealing with. That is what you have if you do not make change. That is why the Bill needs to demonstrate change.

James Ashton-Bell: The reason we have been calling for a very formalised form of consultation is twofold. One, there are many examples in history—many countries have designed very elaborate free trade agreements that businesses do not use because they were not designed with business in mind. That is a waste of everyone's time and our negotiating effort.

The second reason is that we find in many instances, as we saw when trying to ratify CETA, through Belgium, or with TTIP, if you do not have an inclusive process that is incredibly formalised and elaborate, you actually lose public support. Having the right advocates to push the deal across the line is something that is good for the economy. It needs to be grounded in fact to ensure that it is good, and also something that has consensus and that we can actually stand behind.

Tony Burke: Again, I am in danger of agreeing with a lot of folks in what they are saying at the moment. Regarding what has just been said, if you look at CETA and TTIP, there was massive opposition from across the spectrum. It is important that we get this right, and inclusivity is the key. We had no involvement in discussions with regard to the UK in those trade agreements and I think the same thing could happen again if we are not

careful. We cannot just go casting around trying to pick one off the shelf. This is going to be a very complex issue, so everybody needs to be on board.

Martin McTague: We have regarded this as an enabling piece of legislation. It is a framework. I can say that the area where TTIP really came alive for small businesses was when they introduced the small business chapter, which meant the real concerns of small businesses had a basis on which they could discuss those issues and get them properly grounded.

Faisal Rashid: Thank you.

The Chair: Matt Western, very quickly. We have got literally two minutes left.

Q84 Matt Western: Thank you, Chair. I have a quick question to Mr Ashton-Bell. Yesterday, Carolyn Fairbairn made a very good speech, I believe. She was talking about the CBI quite rightly seeking a good Brexit. I hate to put you on the spot but I am sure you have had time to reflect on it. In your view, or the CBI's view, does the Bill as it stands deliver a good Brexit? Or, what is it missing, other than what you have said so far this morning?

James Ashton-Bell: I do not believe the Bill as a vehicle can deliver a good Brexit in any scenario. There are too many Bills and pieces of legislation that are

necessary to deliver a good Brexit. This is one piece of the puzzle. There is a lot of detail that is not in here. Our position is not necessarily that that has to be in here. There are other pieces, like the consultation issue, that we believe need to be formalised in legislation. That could happen at a later date.

Our concern is that to deliver a good Brexit we are going to have so many pieces of legislation in a very truncated period of time. A lot of pressure will be put on Parliament to rush through legislation without properly scrutinising it, or legislation will not make it through. Either way, we get a bad outcome. Our question comes back to the one I started with. If there are essential elements for your trade policy, if they are not in this Bill, why not, because you have it in front of the House anyway?

The Chair: Order. That brings us to the end of our time allotted to the Committee to ask questions. I thank our witnesses on behalf of the Committee for their evidence, in particular Mr Burke, for the tortuous journey he had getting here.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.

