

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### TRADE BILL

*First Sitting*

*Tuesday 16 June 2020*

*(Morning)*

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#### CONTENTS

Programme motion agreed to.  
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.

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**not later than**

**Saturday 20 June 2020**

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**The Committee consisted of the following Members:**

*Chairs:* SIR GRAHAM BRADY, † JUDITH CUMMINS

† Anderson, Fleur ( <i>Putney</i> ) (Lab)	† Hosie, Stewart ( <i>Dundee East</i> ) (SNP)
† Caulfield, Maria ( <i>Lewes</i> ) (Con)	† Johnston, David ( <i>Wantage</i> ) (Con)
† Clarke, Theo ( <i>Stafford</i> ) (Con)	† Nichols, Charlotte ( <i>Warrington North</i> ) (Lab)
† Courts, Robert ( <i>Witney</i> ) (Con)	† Rowley, Lee ( <i>North East Derbyshire</i> ) (Con)
† Esterson, Bill ( <i>Sefton Central</i> ) (Lab)	† Thomas, Gareth ( <i>Harrow West</i> ) (Lab/Co-op)
† Fletcher, Katherine ( <i>South Ribble</i> ) (Con)	† Webb, Suzanne ( <i>Stourbridge</i> ) (Con)
† Griffith, Andrew ( <i>Arundel and South Downs</i> ) (Con)	† Western, Matt ( <i>Warwick and Leamington</i> ) (Lab)
† Hands, Greg ( <i>Minister for Trade Policy</i> )	
Hendry, Drew ( <i>Inverness, Nairn, Badenoch and Strathspey</i> ) (SNP)	Kenneth Fox, <i>Committee Clerk</i>
† Higginbotham, Antony ( <i>Burnley</i> ) (Con)	† <b>attended the Committee</b>

**Witnesses**

Allie Renison, Head of EU and Trade Policy, Institute of Directors

Jonathan Brenton, Head of Trade Policy, CBI

Konrad Shek, Deputy Director of Policy & Regulation, Advertising Association

Roy Freeland, CEO, Perpetuum Ltd

# Public Bill Committee

Tuesday 16 June 2020

(Morning)

[JUDITH CUMMINS *in the Chair*]

## Trade Bill

9.26 am

**The Chair:** Good morning. Before we begin, I remind everyone to please switch off their electronic devices, or to put them on silent. Tea and coffee are not allowed during sittings. The *Hansard* reporters would be very grateful if Members could email electronic copies of their speaking notes to [hansardnotes@parliament.uk](mailto:hansardnotes@parliament.uk).

Does anyone have a relevant interest that they would like to declare? If not, I call the Minister to move the programme motion, which was agreed by the Programming Sub-Committee yesterday.

**The Minister for Trade Policy (Greg Hands):** I beg to move,

That—

(1) the Committee shall (in addition to its first meeting at 9.25am on Tuesday 16 June) meet—

- (a) at 2.00pm on Tuesday 16 June;
- (b) at 11.30am and 2.00pm on Thursday 18 June;
- (c) at 9.25am and 2.00pm on Tuesday 23 June;
- (d) at 11.30am and 2.00pm on Thursday 25 June;

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

TABLE

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Tuesday 16 June	Until no later than 10.30am	The Institute of Directors The Confederation of British Industry
Tuesday 16 June	Until no later than 11.00am	Advertising Association
Tuesday 16 June	Until no later than 11.25am	Perpetuum Ltd
Tuesday 16 June	Until no later than 2.40pm	Ernst & Young UK Trade Policy Observatory
Tuesday 16 June	Until no later than 3.10pm	The National Farmers' Union
Tuesday 16 June	Until no later than 3.45 pm	The Chemical Industries Association Make UK
Tuesday 16 June	Until no later than 4.10pm	The Trades Union Congress
Tuesday 16 June	Until no later than 4.30 pm	Monckton Chambers
Tuesday 16 June	Until no later than 4.50pm	Trade Remedies Authority
Thursday 18 June	Until no later than 12.00pm	Client Earth The Trade Justice Movement

TABLE

<i>Date</i>	<i>Time</i>	<i>Witness</i>
Thursday 18 June	Until no later than 12.30pm	Digital Trade Network Sam Lowe, Centre for European Reform
Thursday 18 June	Until no later than 1.00pm	British Chamber of Commerce in Korea

(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; Schedules 4 and 5; 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 5.00pm on Thursday 25 June.—(*Greg Hands.*)

I should point out that we have accommodated the Opposition's desire to have more scrutiny sessions. There is now an additional scrutiny session on Thursday morning. That was arranged with the agreement that we would none the less finish considering the Bill by close of play next Thursday.

*Question put and agreed to.*

*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 sent to Committee members by email.

*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.*)

9.29 am

*The Committee deliberated in private.*

### Examination of Witnesses

*Allie Renison and Jonathan Brenton gave evidence.*

9.30 am

**The Chair:** Before calling on the first Member to ask a question, I would like to remind all Members that questions should be limited to matters within the scope of the Bill and that we must stick to the timings in the programme motion the Committee has agreed. For this session, we have until 10.30 am, so it is an hour. For the record, I will introduce the witnesses, Allie Renison, head of EU and trade policy at the Institute of Directors, and Jonathan Brenton, head of trade policy at the CBI. Welcome, and thank you for coming.

**Allie Renison:** Thank you.

**Jonathan Brenton:** Good morning.

**The Chair:** We may have to ask you to speak up please, because we are struggling to hear.

**Katherine Fletcher** (South Ribble) (Con): I don't think they will be able to hear you on mic.

**Stewart Hosie** (Dundee East) (SNP): Do you want to invite the witnesses in turn to make their opening remarks, and then we can see how this will work?

**Q1 The Chair:** That might be a good way to progress. First, can I invite you, Allie Renison, to introduce yourself and make your opening remarks? Can you speak up, because we are finding it quite difficult to hear in this room? So please do project.

**Allie Renison:** Absolutely. Forgive me, but people raised in America have no problem, unfortunately, projecting their voice. My name is Allie Renison. I am head of EU and trade policy for the Institute of Directors. That is at the intersection of working on EU negotiating priorities and wider trade priorities. We have a very high share of members who trade internationally—about 70% export. Largely, about two-thirds are in services, and one-third are in goods. So international trade is a big part of members' focus.

All in all, from discussing the purpose of the Trade Bill with members of the IoD, there is broad-based support for it, in so far as the objectives remain limited to continuity agreements and what is necessary to put in place requirements for taking up our trade defence measures outside the EU. There are some question marks around the future of new trade agreements, but in so far as the Bill is understood to cover the continuity phase, there is broad-based support for trying to ensure that that is over the line.

**Q2 The Chair:** Thank you very much. Can I now ask Jonathan Brenton from the CBI to make his opening remarks?

**Jonathan Brenton:** I will keep this quick because I am conscious that you want to keep moving. Our members generally welcome much of the Bill. They realise that time is against us and that we need, as Allie said, to make provision for trade continuity and for trade defences.

However, there are two schools of thought. There are those who wish the Bill had been wider in scope, a bit more about trade strategy and linked to policy areas, but there is a smaller group who say that time is limited, and recognise that other pieces of work need to be done, such as the secondary legislation needed to put the Bill in place, and that we need to get the trade defence authority up and running. I will just quote what one member said, to give you a flavour of this:

“I think we'd argue for something bolder and more visionary, that could capture the high ground for the future of international trade, and position the UK as leader in key global issues like climate change. However time is short, and it may be we have no alternative to short term pragmatism.”

So we recognise where we are. We will not get a perfect holistic framework for policy if we have to work with the grain of the Bill we have, but there may be one or two improvements that some of our members would like, especially on the working of the TRA in consultation.

But we remember the wider context, and I have to say, ladies and gentlemen, that that wider context is also about the unprecedented challenge of covid. Our members have shown extraordinary resilience, and I pay tribute to that, but they are not superhuman. For many of our members, this Bill is not at the top of their priorities, given there is so much going on in the UK economy at the moment. Those are my opening remarks.

**The Chair:** Thank you. Can I ask the Committee to put its questions, starting with the shadow Minister?

**Q3 Bill Esterson** (Sefton Central) (Lab): Good morning, Allie and Jonathan. Thank you for giving evidence to us. Neither of you mentioned the first clause, on the Government procurement agreement. Will you both comment on the opportunities your members see? That is something the Government have been very keen on, in speeches given by the Minister and the previous Secretary of State. What opportunities are there, given the provisions in the Bill, for the Government procurement agreement, and what else is needed for your members to make the most of those provisions? I will come back to further questions after we have an answer to that.

**The Chair:** Either of the witnesses can go first. Allie?

**Allie Renison:** Further to my counterpart's evidence, in terms of discussing the agreement with businesses, there was some interest in it when there were developments in and around it, when the UK was seeking to accede to it in its own right six or 12 months ago. There was lots of interest in understanding what it actually meant. But, all in all, in so far as the purpose of it is to maintain a level playing field—unfortunately, the notion of a level playing field, and the importance of it in many areas of business, has been soured somewhat by some of the discussions and the context in the EU negotiations—having a level playing field and allowing people to bid on that level playing field, when it comes to Government procurement, is very important. Also, when it comes to future trade agreements, it is an important starting point.

At a time when the global trading system is being called into question by some very fundamental players on key aspects of it, including in some press reports over the last six to 12 months since the Government procurement agreement, it is really important that the UK puts down a marker and says that it wants to be part of this rules-based trading system. It is very important from a continuity perspective and as a marker in the sand in the UK's international trade obligation commitment.

**The Chair:** Thank you. Can I ask Stewart Hosie—

**Q4 Bill Esterson:** Can we have an answer from Jonathan Brenton as well to the same question?

**Jonathan Brenton:** I agree with what Allie just said on the importance of a level playing field and the important signal that it sends about the UK in a global trading system that is clearly under strain. I can quote the figures given at the time that the UK signed this. The size of the global market is £1.3 trillion. We are talking about the 19 signatory states—major trading partners such as the US, Canada, the EU and Japan.

There are agreements—they exist, and it is absolutely vital to sign them. Making them work and obtaining market access is not always the same as securing or signing an agreement. The most obvious example would be the United States, where many states have not ratified GPA. There is a very big procurement market in the US at state level, which we have asked the UK to look at and push for in the context of a US trade deal. Allie will know better than I do that opening up state-level access in the US is not that easy. There are also major markets

such as Mexico that have not signed up to the GPA. So it is absolutely right that we should do this, but it is one step on the route to a fully transparent market in Government procurements across major markets.

**Q5 Bill Esterson:** Can I ask one follow-up? Jonathan, you mentioned improving market access. What would your members want to see to achieve that improved access?

**Jonathan Brenton:** That is quite a big question. However, as a general principle, trade is more than trade deals. There are markets where the UK is focused on getting new global trade deals—the US, Australia, Japan and so on, although Japan is doing a kind of roll-over deal, but certainly Australia, New Zealand and the US. There are also markets where a trade deal is more of a long-term aspiration, because of the—*[Inaudible]*—of the UK in signing deals, and also the readiness of those countries to do deals. India and China would be examples.

There, what I think our members are looking for is for the UK to continue and step up its existing work through, say, the economic and financial dialogue in the JETCO—the joint economic trade commission—with both countries, to put on the table those issues that are important for business, and to do that in a way that matches what the UK wants with what the host country also wants, because I think this has to be win-win. In tandem with trade deals, we also want a push on market access, with the information coming from business being a part of UK strategy. I am simplifying it a bit, because I suspect in the case of the US that it will be a mixture of the two, and that, as and when we sign a US trade deal, there will still be work on the state level. I think it will take a long time to get the access we probably want.

**Allie Renison:** Can I follow that up? Can I just add a note on the US market? When it comes to a level playing field, the UK probably has a much more level playing field for its own internal market. That is largely, I would say, in some respects, because of single market legislation, which allows that level playing field not only in the UK but across all of the constituent parts of the EU.

By contrast, the US, and particularly Canada, do not have that kind of consolidated internal market. As was alluded to, there are differences at the state level. There have been very limited attempts to try to rectify that for trade agreements, when it comes to the US. I think there have been some studies in the past showing that despite the lack of, for want of a better word, “noise” around the closed aspect of some of the US procurement markets—those at a federal, state and even municipal, or county or local government, level—it is a bit more overt in some respects. When it comes to the actual implementation, some of the disruption, or patchwork approach, to determine access in other EU countries, on paper it is the same, but in practice it is sometimes different. I think that US can sometimes get a bad reputation for this, because it is a bit more overt.

In the context of trade agreements, I would say that, in terms of most of the work that is done to deal with the existing legislation around Buy America, which is the obligation that the US, at multiple levels of government, requires certain thresholds for suppliers to meet from a US origin point of view, they can get waivers for that at the federal level for trade agreements; they are not very common at the state level. Very often, I think that trade

agreements are seen as an opportunity to start the conversation rather than necessarily unlock state-level market access.

**Q6 Bill Esterson:** Allie, you just mentioned the Buy America programme. What are your members looking for? Are you looking for something similar here, or are you looking for some way of getting round that kind of approach in the United States, or indeed in other countries?

**Allie Renison:** If you were to compare approaches, obviously there was some discussion about having a Buy European agenda, which was under the campaign platform of Emmanuel Macron when he was campaigning to be President. However, that really did not get much traction, effectively because of the EU’s own rules around competition and state aid, and it was also seen as not necessarily wanting to compete with the US, and the current Administration, in that respect.

I do not think it is a big priority, in that it would depend on what the structures underpinning it would be. In a coronavirus world, countries and industries will probably want to hold on and fight for every piece of market share, in particular, but I do not think that that should be seen as an opportunity to try and make it harder for other countries to access our internal market, simply because we have a lot of members who do that reciprocally in other countries. We find that with the exports of a lot of companies working in manufacturing and heavy industry, specifically from a goods and services perspective. You can think back to the classic example of Rolls-Royce, which initially began manufacturing engines and then decided, just with a couple of engines, to—*[Inaudible]*—services. That is how it really gained its edge in the marketplace.

If you think of it from that perspective, that is an important feature of what British manufacturing brings to other parts of the world. To have that reciprocity closed off—because our members are so internationally oriented, compared to the average, I would say that that is a bigger a priority. We have a very low share of members who are looking at Brexit as an opportunity to reshore or bring back manufacturing, so to speak. Even the data that we have seen so far shows that there is much more of an indication, from an industry perspective, of diversifying in other markets rather than trying to onshore operations. I would not think that that is a big priority for our members.

I would distinguish that, however, from the Government’s general approach to foreign takeovers and investments, meaning there is some difference there, but when it comes down to procurement access, most of our members do not see Brexit as an opportunity to try to have us buy British, so to speak.

**The Chair:** I will move on to Andrew Griffith and to Stewart Hosie. I remind witnesses to speak slowly, because the sound quality is not brilliant in the Committee Room. We are struggling to hear you. It would be very helpful if you could speak slowly and speak up.

**Q7 Andrew Griffith (Arundel and South Downs) (Con):** Good morning, Jonathan and Allie. As the representatives of the two pre-eminent business organisations, it would be good to hear from you about what jeopardy you foresee if we are not successful in passing the Trade Bill. As I understand it, collectively

the roll-over agreements account for 16% of all our trade, but it may be much more for certain sectors. May I ask that first to Jonathan?

**Jonathan Brenton:** I think we can take it as a given that the continuity of trade is the biggest priority for our members. Let us break that down into two questions. If the UK were to lose access to its trade deals, I think there would be an enormous loss in credibility in our trade policy and a loss of trust among business.

In terms of the individual sectors, I will take the specific example of Turkey. Turkey is a special case, of course, because it is in a customs union, but we know that it is pushing for a trade deal, which the UK would welcome. It all depends on getting a good EU deal, or an EU deal. If there were no trade deal with Turkey, a multi-billion auto trade—I would have to dig out the figure for you—that has doubled in the last five or six years, would face a 10% tariff. That would be an enormous shock to the UK auto industry. That is the kind of practical—[*Inaudible.*]

**The Chair:** Thank you. Allie, can we have your view please? Have we lost the connection? Allie can you hear us? Jonathan are you still on the phone? I will suspend the proceedings for a moment while we sort this out.

9.49 am

*Sitting suspended.*

9.59 am

*On resuming—*

**The Chair:** We will now carry on with our proceedings. I welcome back Allie to answer the last question. Allie, can you keep your answers concise because we are up against the clock? Thank you very much.

**Allie Renison:** Thank you. I believe I heard the question that my counterpart answered about the importance of the roll-over. About 15% to 20% of our members have indicated that they make use of the trade agreements. The most important part, in addition to the roll-over, is the practical implementation of that. Briefly, what I mean by that is simply that we can have a roll-over or as close to roll-over as possible on paper, but what happens when it comes to changes at the border in other countries is another matter. I think that that, tied together, is the most important thing to make sure that we get. Obviously, we need to have the roll-overs in place so that we minimise any additional hits or disruption associated with changes arising from the UK-EU relationship.

**The Chair:** Thank you.

**Jonathan Brenton:** May I just go back and give you one stat to answer Andrew's question?

**The Chair:** Yes, certainly.

**Jonathan Brenton:** UK engine exports to Turkey were £100 million in 2015. They were £900 million in 2018. You have a thriving trade that would hit a tariff wall of 10% if we cannot get a roll-over trade agreement. That is the stat I was looking for.

**Q8 Stewart Hosie:** Allie, I have one question for you. In your introduction, you said that while there are some concerns about future trade agreements, you are broadly supportive of this Bill because it delivers continuity.

However, in clause 2(6)(a), it does allow the Government to modify primary retained EU law. Are there any anxieties among IoD members that those modifications, made in order to get some kind of a deal, may mean that we end up with a worse arrangement than we currently have with one or more countries?

**Allie Renison:** You are very right to raise that point. On the modification issue, I suppose we do not know to what extent that will become an issue, as it depends on where we get to with the roll-over process. I cannot speak for other countries' priorities, but I think there is a distinct feeling that when the roll-over process was happening during the article 50 period, the time pressure certainly meant that it was a choice between either having an agreement and rolling it over or not having it in place. That may have helped get the agreement over the line. There may be some scope for increased modification.

That probably becomes a bigger negative issue for some of the agri-producers, depending on whether, for example, quotas are changed to get a deal over the line. It depends on the level of quota, it depends on the sector and it depends on the sensitivity of that sector. That is probably the only example, and it is not a particularly prominent one. We have far more members in the processing industries when it comes to agri-food retail and wholesale, rather than actual producers. Their priority is making sure that you are able to get the agreement over the line in the first place.

Just to wrap up my answer, when I say that there is some concern about future trade agreements, I should probably clarify that that means they wanted to understand what the purpose of the Bill was and whether it laid out enough scope for engagement with other devolved Administrations. That is an important point to put on the record: we do not want to get to a situation on the one hand where a future trade agreement can be easily held up, with the Walloon experience in Belgium in the rear-view mirror. However, it is very important that we see it. We do not think that the current CRAG provisions are sufficient for future trade agreements, simply because we want to see the devolved Administrations more involved from the outset, rather than coming in as a blocker at the end. That is why I should clarify the delineation between the concern over future trade agreements and the split in process.

**Q9 Gareth Thomas (Harrow West) (Lab/Co-op):** Allie, I apologise for putting it like this but can you speak a little slower? I was up last night with two very young children, so my brain is taking a bit of time to get going this morning. One of the areas of contention about the Bill is the extent to which it should cover the future free trade agreements that we might want to enter into. I just want to get a sense of your two organisations' understanding of the offensive and defensive interests for deals with the US and Japan.

**Allie Renison:** I am happy to begin on that, and I will slow down, rather than speeding up to get more information in. Keep in mind that that deal is a future trade agreement, rather than what is covered under the Bill. On future trade agreements, although I think the Government can do both, if you were to look at it in terms of priorities, the EU negotiations are four times as important as new trade agreements for our members.

With that in mind, however, when it comes to the US market, it is difficult to compare this with members' views on the US negotiations with the EU, because there were not triangulation issues to the same effect. We do not know to what extent liberalisation with the US will impact on our relationship with the EU, so we simply do not have that triangulation problem. The triangulation issue rears its head more often now. If you think about it purely from a tariff perspective, a number of people in Great Britain who are trading in Northern Ireland simply want to know how it is going to work with the Northern Ireland protocol and how the tariff will operate. I do not think many members at this point have an offensive/defensive point of view. They want to know how the tariff changes will intersect with the EU negotiations. That is probably where the majority of our members are.

From a defensive point of view, some businesses have an eye on what changes there will be from an inward procurement perspective. There are some concerns about how standards will feature, without knowing how they are being discussed. I would not say that standards—chlorinated chicken and hormone-treated beef, for example—are big-ticket concerns for our members, because we do not have a lot of them in our membership.

From an offensive point of view, several big things unite our whole membership. First, there are the changes to delivering services physically—not immigration policy, but temporary labour mobility and the ability to go and provide services in the US. That is a big-ticket item for many members, who do not know whether that will be part of the trade agreement discussion. Secondly, e-commerce and facilitating digital commerce will probably be an even bigger offensive interest for both sides in the light of the pandemic.

**Q10 The Chair:** Jonathan, would you like to add anything to that?

**Jonathan Brenton:** Quickly, I would separate Japan and the US. For Japan, the timescales are very short because the legislation will need to go through the Japanese Parliament. Our members' first priority is to ensure that we have a deal that matches what we already have. Given the chance, they would like to go further. Data is an important area. They also have concerns around pharma and the implementation of the economic partnership agreement, and there are some defensive interests around accumulation and ensuring that what we have in EPA is maintained.

On the US, I second what Allie said about mobility and services, and I would add mutual recognition of qualifications. It is notable, for example, that some US companies use Australian architects because they cannot use British architects, so there are deals to recognise qualifications in that area. There are historical tariffs that could be cut back. I agree with Allie about e-commerce, and there is a whole piece on future regulation. The role of the US market for SMEs is very important; it is a great way to begin exporting. Finally—this is an aspiration, perhaps—public procurement needs to start being opened up on a regional basis.

Many of our members make the point that the US deal should not jeopardise what we already have. We have a thriving relationship, and it is important that we safeguard what we have and go further.

**The Chair:** We appear to—hello?

**Jonathan Brenton:** I am still here.

**The Chair:** It ended so suddenly that I thought the line had gone again, but thankfully not.

**Q11 Bill Esterson:** Turning to how the scrutiny of these agreements, and of agreements more generally, works, we have the expert trade advisory groups. I believe that your organisations are part of both the strategic and the sector-based groups; perhaps you could confirm that. Can you say how effective those groups have been so far on the continuity agreements, and on the new agreements as well? Do you have any comments on how you might like things to change to maximise the benefits of your involvement for scrutiny?

**Jonathan Brenton:** It is very important that I put on record, first, that the CBI is a member of both the Strategic Trade Advisory Group and the expert trade advisory groups, in terms of our personnel, and our members are also active on the ETAGs. We strongly welcomed the STAG and the ETAGs. As an organisation, we called for such a system in a letter to the previous Secretary of State, Liam Fox, in 2017. I think the first reaction of our members to any review of the ETAGs would be: "Keep them." We have appreciated the insights that we have had through the ETAGs, on which a colleague of mine sits, regarding the continuity of trade deals.

Where could the system be made better? We have said to the Department for International Trade that we could have more transparency around membership. When we talk to members about ETAGs, one of the most common asks that we get is: "How can we be on one? Who is on the ETAGs?" An ask that we have had, which we hope will be fulfilled, is that the membership of the ETAGs should be published and there should be a transparent membership application process—as there has been for the STAG, the membership of which is published.

There also needs to be a clearer relationship between the STAG and the ETAGs. How does the STAG interlink? There could also be greater clarity about the role when it comes to negotiations. I should say, in terms of how the process is working, that when a negotiation has been launched, as is the case with the US and with Japan, there have been efforts by the DIT to brief the members of the STAG and the ETAGs. There have been short written records of the negotiations. We also know that there has been informal contact between business and DIT negotiators with specific questions related to the negotiations.

We welcome the system. It needs to be better, and it is really important that we understand that it is win-win. We see our role in business as giving negotiators the information that helps them to get the best possible deal for Britain. It should be possible to tweak the system to put the UK in the best possible position against its partners. If the US and the EU have a system in place, we should aim to match that.

**Allie Renison:** I will add briefly that the Institute of Directors is not part of the official main STAG, but it sits on several ETAGs. I echo much of what my counterpart said. I add one caveat: in respect of the continuity process, there are certainly lessons that we have drawn for the future. This does not just go to all the ETAGs and STAG. The DIT has done a fairly good job of

setting them up and trying to ensure that business groups feel that they are part of the engagement process. We would like to have seen that to the same extent for the EU negotiations, because that is where there is the biggest potential for change coming out of trade agreements, compared with the other ones.

On the continuity process, we would have benefited from greater clarity early on about what was and was not going to be possible. If the Government had made it clear at the time that it was going to be impossible to roll over the Turkish customs agreement and why—keeping in mind that much of the roll-over, in so far as we can roll over what we have with Turkey, is linked to our relationship with the EU—we would have benefited all round from a lot more clarity early on in the process. The Government could have said that, based on the kind of relationship that the UK was seeking with the EU, it had not been possible to roll this over. Everyone understood that to be the case at the end of the process, but it could have been a lot clearer to businesses at the beginning, particularly for some of the fundamental ones.

From a preparation perspective—this goes to the heart of how ETAGs can certainly improve on what they have today—you need to make sure that you do not have a system whereby communication is so tightly controlled that you cannot go back and engage with members on the content of what you are discussing on policy. That is a very important addition to make one aware of: there is a balance to be struck between the Government having commercial sensitivities affected and making sure that, in this dialogue with business and stakeholders, we are able to actually have those conversations with members and that we are not overly restricted in doing that.

**Q12 Matt Western** (Warwick and Leamington) (Lab): I just wanted to pick up on the Trade Remedies Authority and your views on the provisions in the Bill, the role of that body, how it is made up and how it represents the interests of various stakeholders, whether they are sectors, regions, civil liberties groups or whatever. Can you give us some thoughts on that, and on the appointment of its chief exec or chair?

**Jonathan Brenton:** Business and industry called for the Trade Remedies Authority. We welcome it; it is obviously essential. It is not an area that gets as much attention as perhaps it should do in trade policy. We have been told that the non-executive TRA board members will act to provide us with decisions that will be made in a fair manner. We have been told that they will be experts in trade, but they will not have any ideological bias. It is no surprise to you that some of our members would like to see provision for industry practitioners—not just business, but also trade unions, particularly for the manufacturing sector—to be involved in the TRA. First, they would bring their experience, and, secondly, it would be a matter of building confidence. Consensus is a really important principle in trade. It is a big, historic change for the UK to have its own independent trade policy, and we would like to think that it was built on a wide area of consultation, so that people feel involved.

Thinking about some of the other things that might be done to the TRA, it might be useful if the TRA was required, in its annual report, to review how it is acting compared with its peers: the EU and the US. That is a good principle for the UK and trade policy. There is no reason why the UK has to follow the EU and the US in

everything; there is no reason why we cannot do better. As we embark on our own independent trade policy, we should be benchmarking ourselves against what others are doing, to check that we are in the right place.

**Allie Renison:** This is one of the areas in which, even with the trade-offs, there are many other questions when it comes to our relationship with the EU. This is certainly more in the opportunity basket of having a system that is more tailored to the UK's needs. It is important to remember the context for the Trade Remedies Authority. It does not exist just to act for its own sake; it exists to undertake investigations. We should be careful not simply to assume that because every business has a concern about unfair competition or dumping, that is actually taking place.

Transparency is a very important part of what the TRA will be set up to do. Our broad support for the Bill is particularly because it is so linked to the creation of that. When I say transparency, if we think back to how it worked in the EU, the way decisions are taken on trade defence measures, anti-dumping measures, countervailing duties—the whole lot, so to speak—is probably one of the least transparent aspects of EU trade policy decision making. We should learn from that and make sure that it is not the case, because some decisions that are taken—rightly so, in the end—have come of that.

When we talk about the calculations and ratios needed, I think we should make that as transparent as possible, simply because once such a decision is taken, even if it is found to be justified in response to a case of dumping, it can have reverberations across supply chains. There are a lot of unintended consequences when it comes to defensive trade measures, and we should be careful to make sure that we understand that. That is not to say that producers do not have an absolute right to have their concerns taken up and redressed, but when it comes to action, because of the way supply chains work, there are often lots of unintended consequences, particularly for measures that are left in place for a longer period of time.

I close with another example of that. A small cluster of German solar panel producers decided to lobby the European Commission to put such measures in place. Please keep in mind that the UK, at that point in time and generally speaking, was more of a net importer, for efficiency and climate change purposes. In such a situation, it became quite difficult to get the UK's voice heard. I call on that example to make sure that we understand that transparency is as important to the work of the TRA as the outcome itself. I do not know if you heard all that; I had something in my ear for most of it.

**The Chair:** Thank you. This will have to be the last question, given the constraints on time.

**Q13 Gareth Thomas:** Jonathan, you alluded to some concerns about the Bill at the very beginning of your appearance before us, so to speak. Certainly, the last time the Trade Bill had an outing, the CBI was clear that it wanted much more provision for Parliament to be able to do more scrutiny of trade agreements. Is that still the CBI's position?

**Jonathan Brenton:** Can you repeat the question closer to the microphone?

**Gareth Thomas:** Could you expand on your hint about some concerns with the way the Bill has been drafted, which you alluded to in your opening remarks? Secondly, can you tell us whether the CBI still holds to the view it had the last time the Trade Bill was debated—that there should be more scrutiny of trade agreements by Parliament?

**Jonathan Brenton:** Do you mean parliamentary scrutiny?

**Gareth Thomas:** Yes.

**Jonathan Brenton:** I think we probably recognise that the debate about parliamentary scrutiny is, first and foremost, not for us, as a business organisation, although I think some of our members say that they would like to see more. Very important to us is that we have a trade policy built on consensus, with wider support built up in Parliament and civil society. One thing I commend about the STAG and ETAGs is the place for trade unions, non-governmental organisations and so on, and the fact that there is debate.

Our position is that we recognise, on balance, that the Bill has to be done in the time and conditions we are under, and that we need to be ready for the Brexit deadline, which is looming fast. However, we have not given up on our aspiration and calls for a more strategic approach to trade. We have said that repeatedly, and I think you will hear us say it more. We would like to feel that we have an approach to trade policy that is aligned with trade promotion, and an approach to trade deals that plays to the UK's strengths, such as services, and future strengths. We would like to think that there are tested systems in place for consultation with business. I think some of these things are happening—the STAG system and ETAGs systems are evolving, and you can see the work that the Department for International Trade is doing on expanding its digital networks—but it would be reassuring for business to have that set out more comprehensively, and aligned with other policy areas like climate, and with the covid agenda, so that we had a confident framework.

Let us remember the historical moment that we are in, the time pressures we are under and the huge changes that have been brought on by the popular vote for Brexit and subsequent elections. We need to move pragmatically, given the situation we are in.

**Q14 The Chair:** Thank you. Allie?

**Allie Renison:** You may have heard my remarks earlier; to reiterate them, for a future trade agreement, we do not think that the Constitutional Reform and Governance Act is sufficient, simply because this is where we take a view on the long-term impact and role of trade policy. We have all learned from the way in which the agreement between the EU and Canada was held up because of that country's constitutional requirement to ratify it. [*Inaudible.*]—to have concerns about that early in the process. While we would not want to see, for example, devolved Administrations or Parliament trying to block trade deals at the outset, we think it is important to have that scrutiny requested. Perhaps in the Bill that is through developing future negotiating mandates, or asking whether we follow the EU trade example on that.

There needs to be a lot more front-loaded effort to help with future trade agreements, whether from a buying perspective or a scrutiny perspective. We do not want trade policy to become a politicised issue, in the

way that it is in other countries. We would like this to be an issue of consensus as far as is possible. That is why we perhaps take a stronger view about the future role for scrutiny. We see this as integral to trying to build a bigger consensus around trade, rather than having it become another issue for both sides to argue about. I would distinguish that from this Trade Bill, which is about the continuity agreement. There is that possibility for modifications, the extent of which may vary, but we would separate that from the comments that I have made, and would distinguish between the continuity agreements and future trade deals.

**Q15 Theo Clarke (Stafford) (Con):** My constituency is in Staffordshire, and we obviously have a huge ceramics industry, which is exporting around the world. What do the witnesses think would happen to UK trade defences if the Bill was not enacted by 31 December this year?

**The Chair:** Before the witnesses answer, I should say that I am prepared to go beyond 10.30 am, given the quality of the line. Please keep answers concise.

**Allie Renison:** Perhaps the Government could answer better on the exact implications of the Bill, but this is very much in the forefront of people's minds. The businesses that we have spoken to have linked the Bill to the ability to carry on with the trade remedy provisions that we have. The Bill is an integral step to making sure that that competence is smoothly transferred over. I suppose the upshot of that is that certainly, for businesses that are relying on anti-dumping measures—[*Inaudible.*]

**The Chair:** Jonathan, can you hear us? [*Inaudible.*] Bill, I think you had a comment.

**Bill Esterson:** If we can get to the two witnesses, could we ask them to put their key points in writing to us, just in case *Hansard* missed anything? I am sure we would all appreciate that. I could not hear everything.

**The Chair:** In the interest of making sure we have a complete record of proceedings, that is a good suggestion. Thanks to our witnesses, Allie and Jonathan, for their forbearance and their time.

10.30 am

*Sitting suspended.*

#### Examination of Witness

*Konrad Shek gave evidence.*

10.31 am

**The Chair:** We will now hear oral evidence from Konrad Shek, deputy director for policy and regulation at the Advertising Association. We have until 11 o'clock. We are experiencing some technical difficulties, Konrad, so if you can speak slowly and project your voice, the Committee will appreciate it. Please introduce yourself for the record.

**Konrad Shek:** Thank you very much, Chairman. Good morning, ladies and gentlemen. My name is Konrad Shek, deputy director for policy and regulation at the Advertising Association, which is a tripartite trade body that represents brands, advertisers, agencies and media. We also represent direct marketing and market research. Shall I give some background to the association?

**The Chair:** Yes, please.

**Konrad Shek:** The association is a member of the Professional and Business Services Council, which is co-sponsored by the Department for Business, Energy and Industrial Strategy, and also a member of the Creative Industries Council, which is sponsored by the Department for Digital, Culture, Media and Sport. I sit on a number of the DIT expert trade advisory groups. Among professional business services, advertising and market research is one of the largest exporters. We exported £9.7 billion, according to the latest Office for National Statistics figures.

There is general support for the Trade Bill from our members from the trade continuity perspective. I would caveat that somewhat, given that many of our members are preoccupied with covid-19 and Brexit. The technical details of the Trade Bill are perhaps not a high priority among members at the moment.

Trade with the EU is a significant portion of exports. The largest destination for our exports is France and Germany, so there is a lot of interest in getting a deal with the EU. There is also a lot of interest in the public procurement side of things from ad agencies and market research companies. Advertising agencies typically get involved in trade investment promotion, events and education promotion. They work for state-owned enterprises, especially sovereign wealth funds. Market research companies obviously get involved in opinion polling. Because of the international nature of London, we are very fortunate to be a global hub for advertising and market research, and a lot of companies get invited to tender for such projects.

**Q16 Gareth Thomas:** How would you improve the Bill?

**Konrad Shek:** Looking at some of the research out there, and analysis of the Bill, there is probably capacity for more scrutiny of the Bill. There is probably a lack of detail on the Trade Remedies Authority, although that is not necessarily a huge priority for us. A lot of remedies tend to be focused on the producer side of things, whereas we tend to export a lot more services. From the association's point of view, I do not think that we necessarily have strong views on where the Bill would be improved, other than what I have said.

**Q17 David Johnston (Wantage) (Con):** I want to ask you about the data collection provisions in the Bill. I would have thought that your members might welcome that data being collected, and being used to help to promote companies in this country around the world.

**Konrad Shek:** One of the difficulties about data collection for services generally is that it is quite hard to collect that information. When you see reports from the ONS on the export of services, there is a significant lag in the reporting of that information. It is not quite as easy and straightforward as reporting the export of goods. Obviously, if there were an improvement in collecting data regarding the export of services, that would be hugely beneficial.

**Q18 Bill Esterson:** Good morning, Konrad. Thank you for your opening remarks and your answers so far. You touched on procurement and the opportunities for your members. Do you see the provisions in the Bill as increasing those opportunities?

**Konrad Shek:** From what I have seen, the Bill would really lock in current arrangements, rather than bring new opportunities as such. My understanding of the Bill is that it is more about continuity. The UK is a

member in its own right. That carries benefits, because we have the opportunity to contribute directly and influence the rule-making around Government procurement, but my understanding is that there is a roll-over of current commitments on offer, based on the EU schedule. My analysis of it is that it is really just maintaining the status quo.

**Q19 Bill Esterson:** To pick up on the theme of how we would improve the Bill, is there anything on procurement that you would like to see done differently that would be consistent with what is in the Government procurement agreement part of the Bill?

**Konrad Shek:** Anything that could be done to help small and medium-sized enterprises to get involved in the public procurement market would be hugely beneficial. There are a lot of SME-type firms in the advertising and market research industries, and there are natural psychological barriers to participating in such projects. There are also cultural barriers, particularly if you go into markets where they do not necessarily speak the language. One of the benefits of the GPA is that there is a standardised process, whereby tenders are put out in the standard languages of the World Trade Organisation, and there is a certain amount of transparency about the bidding process, which helps with the overall level playing field.

**Q20 Bill Esterson:** What kind of support do your SME members receive to break into the sort of markets you have just described, and are there things that you would like to see being done better, to help to break down some of those barriers?

**Konrad Shek:** A lot of our companies are flexible, particularly in terms of their structures and how they operate around the world. Obviously, the larger agencies have local subsidiaries or local partners, but smaller agencies will probably rely on DIT support; activities such as those to do with taking part in trade fairs or trade missions are hugely beneficial for the smaller companies. There is a real mix.

As I said in my opening comments, we are quite fortunate: with London being a global hub, we are finding that business also comes to us; we do not necessarily have to search for it overseas. But there are definitely opportunities, particularly in the middle east, which are perhaps slightly harder to navigate, and without those local connections, SMEs may find it harder to get the resources to understand things.

**Q21 Bill Esterson:** Is there anything that DIT could do differently to improve that support for you?

**Konrad Shek:** Given what is happening with the global economy in the light of covid, it is quite important for DIT to continue lobbying host Governments to keep their markets open and to refrain from trade protectionism—to keep the trade flowing as much as possible. It could also potentially do more work to get intelligence on the ground, understand new projects that might be coming into the pipeline, and feed that quickly to companies.

**Q22 Matt Western:** To pick up on a point about the competitiveness of the sector, you said, quite rightly, that London is a global leader, both in market research and advertising output. Are you happy with the protection through the TRA, whether it be for intellectual property or otherwise?

**Konrad Shek:** I do not have a particular view on the Trade Remedies Authority at the moment. As I say, a lot of these anti-dumping subsidies tends to fall on the exports of goods rather than services. It is very hard to understand what distortions might come into play. As services are delivered by people, they are generally affected more by migration and immigration policies than subsidies or specific duties. I cannot think of a particular example at the moment, but there is a possibility that a country may put a tax on digital trade.

**Q23 Gareth Thomas:** One of the areas of the Bill that we may discuss is future free trade agreements. Have you any particular offensive interests, in terms of future free trade agreements?

**Konrad Shek:** There is obviously a lot of interest in future free trade agreements. There seems to be a lot of discussion about moving away from the current structures of free trade agreements and looking for these lighter, more flexible types of free trade agreements, which can be negotiated in a shorter time. That is something we welcome, but there is obviously a trade-off; the lighter and more flexible type of agreements mean there is a lot better detail.

We would welcome having these agreements—*[Inaudible.]* Also, it has an important information aspect. If the UK signs a free trade agreement with a country, that disseminates the information that it is okay, or encouraged, to do business with that country. It sends a very good signal in terms of promoting trade investment links.

There probably needs to be some thought as well about the consultation process and the understanding of what companies require in terms of the wider economy and understanding the trade-offs. By opening or liberalising one particular sector, do we lose out in other sectors? There needs to be a balance, and a lot of political decisions need to be taken there.

There is scope for more consultation and perhaps a feedback process, hopefully for constructive criticism. One issue I have found with the DIT consultation is that it was good that we were able to feed in information, but there was perhaps less information being fed back to help in understanding about how issues lay or were being prioritised in the whole agreement.

**Q24 Theo Clarke:** My question is about what would happen to the trade preferences given under the EU's economic partnership agreements with developing world partners. I am thinking about countries such as Kenya, Ghana and those in the Caribbean.

**Konrad Shek:** I do not have that much information on them. I do not suspect that our advertising agencies have a huge amount of business with those types of country. I do not have a particular view on that. There may be some side projects, perhaps for market research, but I do not have any detail on that.

**The Chair:** If no more Members want to ask questions, I thank you very much for your time, Konrad. That was very useful for the Committee.

10.47 am

*Sitting suspended.*

### Examination of Witness

*Roy Freeland gave evidence.*

10.51 am

**The Chair:** We will now hear oral evidence from Roy Freeland from Perpetuum Ltd. This session can last until 11.25 am. Roy, could you please introduce yourself for the record?

**Roy Freeland:** Good morning everyone. I am sorry, I am having some difficulty hearing.

**The Chair:** If you could introduce yourself, Roy, that will be great. I will now ask members of the Committee to ask you questions. We can hear you fine, so do not worry.

**Gareth Thomas:** How would you want the Bill to be improved?

**Q25 Katherine Fletcher:** Mr Freeland, I am going to relay the question, because we are in a big, echoey room. Gareth Thomas MP just asked you how you would like to see the Bill improved.

**Roy Freeland:** I am broadly very supportive of the Bill because, as other speakers have said, we need to be pragmatic about the situation we are in. However, there are some issues. I am speaking as a representative of a high-technology SME supplying the rail industry that has particular problems or requirements for GPA, simply because many of our customers are effectively part of a Government procurement in their countries, so it is uniquely important to transportation businesses. I also have some comments on SME issues.

**Q26 Katherine Fletcher:** The floor is yours, sir.

**The Chair:** Please do expand.

**Roy Freeland:** The improvement that I have to suggest is the question of reciprocity, which has already been mentioned. Article 85 of the EU directive in 2014 talked about ensuring comparable and effective access for undertakings to the markets of those third countries. I would like to see the Trade Bill include a brief provision so that countries that are applying restrictions to UK exports can have similar restrictions applied when they are trying to export to the UK. This is a non-confrontational way to deal with the issue. It has major advantages, in that it would be fair, and would be seen to be fair, being based on reciprocity rather than unilateral protectionism. It would help to demonstrate the UK's leadership on free trade and refusal to accept unfair restrictions. I think it would also provide a negotiating tool for us. Exporters to the UK would put pressure on their own Government—*[Inaudible.]* This whole process would provide a backstop and would provide flexibility to deal with Government procurement issues without—*[Inaudible.]*

**The Chair:** Mr Freeland, are you still there?

**Roy Freeland:**—ammunition for future negotiations, and some form of remedy in the short term.

**Q27 Andrew Griffith:** Good morning, Mr Freeland. To tease that out a little more if I may, my understanding is that the interoperation between the clauses relating to the GPA and the Trade Remedies Authority would achieve just what you are looking for—a set of reciprocal

rules and sanctions, to the extent that those are not being applied. However, my understanding may be imperfect. Are you making a different proposal, or do you feel that the Bill as drafted achieves your objectives?

**Roy Freeland:** I am afraid I am not an expert in reading parliamentary legislation, but I did not get the impression that the Bill is quite as explicit as I would like it to be. Certainly, the Trade Remedies Authority would be the right route to deal with this, possibly with a little help from a statutory instrument under the Taxation (Cross-border Trade) Act 2018. However, it is a very important issue.

The EU described the Buy America provisions of the Surface Transportation Assistance Act as one of the most fundamental obstacles to accessing to US procurement. The Transatlantic Trade and Investment Partnership fell over, and this Buy America provision was one of the issues. I am not advocating that we should have a—how can I put it?—Don't Buy America Act, as much as I would like to see that. That might be rather provocative. However, we should have provisions to take action, and if a few US steel makers, for example, found that they could not supply High Speed 2 with rail track because of such rules in the Act, I think some reverse pressure might be put on the Americans to reconsider their position.

**Andrew Griffith:** I have no further questions. However, I think you should be reassured, Mr Freeland, and we wish you all the best with the successful exports of your business going forward.

**Roy Freeland:** Thank you.

**Q28 Bill Esterson:** Good morning, Mr Freeland. To follow up what you were saying about the Buy America provisions, rather than our taking a negative approach to procurement in America, would you like to see Buy British or something similar in the UK for SMEs such as yours?

**Roy Freeland:** I am not convinced, as a supporter of free trade, that a Buy British element is appropriate. All I suggest is that we ensure adequate reciprocity, so that if a country effectively has Buy Local Acts, such as the Buy America provisions, we can respond by saying, "You've got that; we've got similar provisions." Indeed,

tenders could request confirmation from tenderers that their own country would not prohibit comparable and effective access in reverse. A simple requirement like that is appropriate at this stage, rather than prejudging the whole US FTA.

I should point out that the World Trade Organisation and the EU have noticeably failed to deal with Buy America. Therefore, one needs to look at it in another way.

**Q29 Bill Esterson:** Are you a member of a small business organisation? The Federation of Small Businesses is probably the best known in the UK. Regardless of its membership, what do you think is the general view of small and medium-sized enterprises in the UK of what you have just been saying?

**Roy Freeland:** No, I am not a member of the FSB. However, I was a member of the Rail Supply Group council running the SME workstream, and of the Rail Industry Association SME group, so I am very familiar with SMEs' issues. Indeed, I consulted with the Federation of Small Businesses prior to giving this evidence.

The particular problems for the SMEs that will be affected by the Bill include the requirement for membership of the GPA. Large multinationals can get round the GPA by simply setting up factories in the respective countries. A lot of them in the rail industry have already done that. SMEs do not have that capacity. I am slightly concerned that SMEs do not have the resource to fight the sort of legal battles that are clearly going on in the current version of trade remedies, and they need some support there. Those are particular problems that SMEs can face, but they absolutely need the GPA.

**The Chair:** Any further questions? Mr Freeland, we are experiencing some technical difficulties at this end, so if there are no further questions from Members, I propose that we wind this session up slightly earlier. Thank you very much, Mr Freeland, for your evidence. It has been very helpful to the Committee.

*Ordered,* That further consideration be now adjourned.  
—(Maria Caulfield.)

11.2 am

*Adjourned till this day at Two o'clock.*

