

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

TRADE (COMPREHENSIVE AND PROGRESSIVE AGREEMENT FOR TRANS-PACIFIC PARTNERSHIP) BILL [*LORDS*]

First Sitting

Tuesday 20 February 2024

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
CLAUSES 1 AND 2 agreed to.
CLAUSE 3 under consideration when the Committee 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 24 February 2024

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The Committee consisted of the following Members:

Chairs: † PHILIP DAVIES, DR RUPA HUQ

- | | |
|---------------------------------------------------------------|---------------------------------------------------------------------|
| † Brereton, Jack (<i>Stoke-on-Trent South</i>) (Con) | † Rodda, Matt (<i>Reading East</i>) (Lab) |
| † Dhesi, Mr Tanmanjeet Singh (<i>Slough</i>) (Lab) | † Sambrook, Gary (<i>Birmingham, Northfield</i>) (Con) |
| † Dixon, Samantha (<i>City of Chester</i>) (Lab) | † Slaughter, Andy (<i>Hammersmith</i>) (Lab) |
| † Hands, Greg (<i>Minister for Trade Policy</i>) | † Stafford, Alexander (<i>Rother Valley</i>) (Con) |
| † Henry, Darren (<i>Broxtowe</i>) (Con) | † Thomas, Gareth (<i>Harrow West</i>) (Lab/Co-op) |
| † Hudson, Dr Neil (<i>Penrith and The Border</i>) (Con) | † Thomson, Richard (<i>Gordon</i>) (SNP) |
| † Hunt, Jane (<i>Loughborough</i>) (Con) | † Wood, Mike (<i>Lord Commissioner of His Majesty's Treasury</i>) |
| † Jayawardena, Mr Ranil (<i>North East Hampshire</i>) (Con) | |
| † McMorrin, Anna (<i>Cardiff North</i>) (Lab) | Simon Armitage, Kevin Candy, <i>Committee Clerks</i> |
| † Mangnall, Anthony (<i>Totnes</i>) (Con) | † attended the Committee |

Public Bill Committee

Tuesday 20 February 2024

(Morning)

[PHILIP DAVIES *in the Chair*]

Trade (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) Bill [Lords]

9.25 am

The Chair: I have a few preliminary announcements. Members should send their speaking notes by email to hansardnotes@parliament.uk; please switch electronic devices to silent; and 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. I hope that we may take those matters formally, without debate. I call the Minister to move the programme motion standing in his name, which was discussed yesterday by the Programming Sub-Committee for the Bill.

Ordered,

That—

1. the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 20 February) meet—

(a) at 2.00 pm on Tuesday 20 February;

(b) at 11.30 am and 2.00 pm on Thursday 22 February;

2. the proceedings shall be taken in the following order: Clauses 1 to 3; Schedule; Clauses 4 to 8; new Clauses; new Schedules; remaining proceedings on the Bill;

3. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 22 February.—(*Greg Hands.*)

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 and will be circulated to Members by email.

We will now begin line-by-line consideration of the Bill. The selection and grouping list for today's sittings is available in the room. It shows how the clauses and selected amendments have been grouped together for debate. Amendments grouped together are generally on the same or a similar issue. Please note that decisions on amendments do not take place in the order in which they are debated, but in the order in which they appear on the amendment paper. The selection and grouping list shows the order of debates. Decisions on each amendment and on whether each clause should stand part of the Bill are taken when we come to the relevant clause.

A Member who has put their name to the leading amendment in the group is called first. Other Members are then free to catch my eye to speak on all or any of the amendments in that group by standing in the normal fashion. A Member may speak more than once in a single debate. At the end of a debate on a group of amendments, I shall call the Member who moved the leading amendment again. Before they sit down, they

will need to indicate whether they wish to withdraw the amendment or to seek a decision. If any Member wishes to press any other amendment in a group to a vote, they will need to let me know in advance.

Clause 1

MEANING OF THE “CPTPP”

Question proposed, That the clause stand part of the Bill.

Mr Tanmanjeet Singh Dhesi (Slough) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies.

As we commence examination of the comprehensive and progressive agreement for trans-Pacific partnership, or CPTPP, the Labour party is sharply focused on its wide-ranging implications for the United Kingdom. Our commitment transcends merely increasing trade volumes; it extends to enhancing the welfare of our industries and to improving the wellbeing of our citizens, pivotal to safeguarding our nation's interests.

Despite the insights provided during previous debates in the Chamber by Government Members, who championed the agreement as a gateway to market access and economic prosperity, we observe a disconnect in our approaches towards trade, in particular regarding its broader societal and economic repercussions. The CPTPP introduces extensive modifications in key areas such as procurement, intellectual property and the regulation of conformity assessment bodies. However, the Government's depiction seems to gloss over the profound and complex impacts of those provisions. Our steadfast dedication to promoting trade development is matched by our resolve to maintain high environmental standards, to protect workers' rights and to uphold the sovereignty of our legal and regulatory frameworks.

In addressing clause 1, it is pivotal to reference the discourse from the Minister for Trade Policy and the Secretary of State for Business and Trade, the right hon. Member for Saffron Walden (Kemi Badenoch), who in the Chamber espoused the agreement as a beacon for market access and economic opportunity. However, that optimistic portrayal does not encapsulate the nuanced and potentially adverse socioeconomic and environmental consequences. The Office for Budget Responsibility's adjustment of the GDP boost projection to a mere 0.06% necessitates an exhaustive assessment of its tangible benefits, directly conflicting with the Government's depiction of substantial gain. That projection is a stark downgrade from the initial Government claim of a 0.08% GDP boost over 10 years, now halved to a mere 0.04% in the long run. The Trades Union Congress emphasises that CPTPP could

“significantly threatens workers' rights, regulatory standards...and democratic decision making”,

providing a stark contrast to the Government's optimistic economic forecast.

Gareth Thomas (Harrow West) (Lab/Co-op): As members of this Committee, we have been lucky enough to have had the Business and Trade Committee publish its report on the UK's accession to CPTPP. In that, one of the explicit recommendations—it would be good to hear from the Minister whether he will accept it—is that the Government should

“provide a revised impact assessment, setting out its current expectations of the gains from CPTPP”.

The report goes on to say that the Department should “explain what steps it is going to take to help ensure that UK business exploits the treaty to the full.”

My hon. Friend is right to say that the Secretary of State was trying to run away from the estimates of the little, albeit important none the less, benefits that might accrue from CPTPP, so why should we not have that revised impact assessment now if Ministers think that it will lead to a huge increase in benefits for the UK?

Mr Dhesi: I thank my hon. Friend the shadow Minister, who speaks with a great deal of knowledge and experience of the issue, having been involved in various meetings. I fully agree with him: we need transparency. We need that impact assessment, and I do not understand why the Government are stepping back from that. Indeed, the clause compels us to dissect the real economic benefit of joining the CPTPP, challenging the buoyant economic forecast.

Clause 2 looks at parliamentary approval and democratic oversight. The proposed Labour amendments carve a pathway towards safeguarding our national interest. In advocating for parliamentary approval of regulations under the clause, we underscore our dedication—

The Chair: Order. We are not yet discussing clause 2; there will be time enough to come on to that. We are discussing clause 1, which is about the definition and the meaning.

Mr Dhesi: Thank you, Mr Davies, for that clarification.

Gareth Thomas: This is probably one of those rare occasions when we are actually fortunate to have the hon. Member for Totnes on the Committee with us, because he is a member of the Business and Trade Committee, which brought out the report this week. As I understand it, he was one of those who supported the idea that the Government should provide a revised impact assessment. One can only hope that he will have the courage of his convictions to speak in this stand part debate to underline why he thinks that the Government should provide the revised impact assessment. I hope that my hon. Friend the Member for Slough will join me in encouraging him to have the courage of his convictions and speak.

Mr Dhesi: I thank my hon. Friend the shadow Minister again for his intervention. Indeed, my hon. Friend the Member for Totnes was kind enough to intervene on me in the Chamber on Second Reading, and no doubt he will be contributing on the need for an impact assessment and requesting that the Minister and the Government follow that course of action.

As I was saying on clauses 1 and 2, there are certain intertwined aspects of what we are discussing today that must be brought out, including the fact that we must ensure that Parliament remains committed to rigorous scrutiny and transparency when it comes to regulatory changes. Our concerns on this clause extend to intellectual property rights under the CPTPP and the controversial investor-state dispute settlement—ISDS—mechanism.

We remain particularly concerned about the inclusion of provisions for ISDS and its implications for the NHS, the environment and workers’ rights. We are concerned about how this provision in particular could increase the risks that this association brings to jobs, workers’

rights and sovereignty. Transform Trade, for example, has highlighted that restrictions on farmers’ rights to seeds under the CPTPP could severely impact biodiversity and the livelihoods of small-scale farmers, contradicting the UK’s commitments under international agreements such as the Paris climate agreement and the sustainable development goals.

Gareth Thomas: My hon. Friend is setting out nicely the series of concerns that we in the Opposition have, which it would be good to hear the Minister address when he winds up the debate. One of the particular questions related to ISDS, which it would be good to hear the Minister deal with early in his response, is why Ministers, on the one hand, have supported ISDS staying in the CPTPP treaty, but were actively trying to have it excluded from the bilateral free trade agreement with Canada, before those negotiations were collapsed by the Secretary of State.

Mr Dhesi: My hon. Friend the shadow Minister makes an excellent point. It is these anomalies that are of concern, and the more we delve into the inclusion of ISDS in the agreement, the more we recognise the fact that it poses a formidable challenge to our national sovereignty and regulatory autonomy, enabling corporations to sue Governments over policies designed to protect public health, the environment and social welfare.

My hon. Friend the shadow Minister highlighted the issues around Canada, and indeed, in our recent meeting with the Minister and the lead negotiator for Canada, we looked at various aspects. I know that the trade deal with Canada has itself now arrived at a very rocky and bumpy interval, given the fact that we have now stopped—or paused, as the Minister would like to convince us—those negotiations, but these aspects, such as why it is one rule regarding the CPTPP and another regarding our negotiations with Canada, are things that need to be clarified during the deliberations today in Committee.

That is why, while I know that we will be discussing ISDS in full detail later on, it is important that the Minister provides the answers on that. Market analysis has shown instances where corporations have leveraged ISDS to challenge essential socioeconomic reforms, which underscores the mechanism’s potential to undermine democratic governance and public policy. Therefore, this particular amendment is pivotal, embodying our commitment to transparency and ensuring that regulatory changes introduced by the CPTPP are subject to rigorous parliamentary scrutiny.

Gareth Thomas: I am grateful to my hon. Friend for giving way—again; it is early in the morning. One of the concerns, surely, about the Government’s insistence that ISDS should stay part of the CPTPP treaty that we are acceding to, is the inconsistency with the approach taken to ISDS by other parts of Government, such as by Ministers in the Department for Energy Security and Net Zero. The Minister will remember his experience there and the energy charter treaty in particular. Britain has paused its use of the energy charter treaty, because of widespread concerns internationally about the use of ISDS provisions. As I understand it, Ministers have also acknowledged the risk of ISDS to the Paris agreement objectives. That therefore begs the question posed by my hon. Friend even more so: why are Ministers so adamant that we as a country should support ISDS—

Mr Dhesi: I thank my hon. Friend for his intervention, because it seems as if we are in almost telepathic agreement: that was the very thing that I was coming on to in a short while. He firmly and eloquently made various points about the anomalies to which I hope the Minister will provide answers. Our concerns extend to intellectual property rights under the CPTPP and the controversial ISDS mechanism.

Transform Trade has highlighted the CPTPP's adherence to the 1991 international convention for the protection of new varieties of plants. The agreement severely restricts farmers' rights to save, exchange and use seeds, potentially impacting on biodiversity and the livelihoods of small-scale farmers. That restriction stands in stark contrast to the UK's obligations under the Paris climate agreement, referenced by my hon. Friend the Member for Harrow West—the shadow Minister—and the sustainable development goals that are aimed at promoting sustainable agriculture and protecting biodiversity.

Furthermore, the inclusion of ISDS in the CPTPP poses a significant challenge to our national sovereignty and regulatory autonomy. The mechanism allows corporations to sue Governments for enacting policies intended to safeguard public health, the environment and social welfare. The Trade Justice Movement has pointed out cases in which corporations have used ISDS to contest socioeconomic reforms vital to public wellbeing, thereby threatening democratic governance and public policy-making processes.

Additionally, the CPTPP's potential to remove tariffs on palm oil without regard to the environmental consequences of the palm oil trade exacerbates concerns about deforestation and its cascading effects on climate change and wildlife. Nearly 90% of global palm oil production occurs in Malaysia and Indonesia, where deforestation attributed to agricultural expansion is a pressing environmental crisis. The deforestation contributes significantly to global carbon emissions, threatens indigenous wildlife such as orangutans and Sumatran tigers, and undermines the UK's commitment to combating climate change and preserving biodiversity.

Anthony Mangnall (Totnes) (Con): I am sorry for interrupting the hon. Gentleman, but this debate is about the clause and the meaning of "CPTPP". Will he tell us whether he is going to agree or disagree with that meaning, so that we may move on to other clauses?

Mr Dhesi: I thank the hon. Gentleman, my hon. friend from Totnes, but patience is a virtue. As I said in my introduction, during our deliberations it is important that we look at the multifaceted nature of what is going on, including with regard to the definition. However, I am glad that he has come to life, and I look forward to hearing from him very soon about the impact assessment nature of the Bill.

9.45 am

Gareth Thomas: As my hon. Friend was talking about deforestation, I was almost excited to see the hon. Member for Totnes leap to his feet: in the Select Committee report, which I understand the hon. Gentleman fully supports, is a significant reference to deforestation linked to palm oil, as my hon. Friend was rightly pointing out. Professor Bartels, the chair of the Trade and Agriculture Commission, noted that one reason why it appears that a high proportion of current UK imports of palm oil

from Malaysia meet a voluntary standard higher than the current Malaysian national standard may be the impact of the EU's deforestation regulations, which are much tougher than the UK's certification requirements.

I gently suggest that the Select Committee, and perhaps Professor Bartels, had a nagging concern that the provisions of CPTPP may actually lead, in the long run, to more deforestation than we might as a country be comfortable with.

The Chair: Order. Before the hon. Member for Slough resumes, I should say that I have given him a great deal of latitude so far, but he is in danger of covering all his new clauses and amendments in his opening speech. I do not know whether that is what he is planning—not to speak to any of the amendments but just to cover them off at the beginning—but I am not prepared to let that happen. The amendments and new clauses are down in a specific order, and the hon. Gentleman or his colleague will be able to speak to them at the relevant time. We do not need to rehearse what will be debated later on.

I also do not want to get into a rehash of a Second Reading debate. I have given the hon. Gentleman a lot of latitude, but I urge him to stick to clause 1, rather than giving us advance notice of all the future amendments and new clauses that he might wish to move at a later date.

Mr Dhesi: Mr Davies, I thank your good self for your sage advice. This is all important, as I am setting the scene with regard to clause 1 and the Labour party's perspective on what is happening under the Bill. That is why I was setting the scene. Later in the debate, I will delve into great detail; I do intend to speak, with your permission, on subsequent clauses. I will be contributing in detail, but I think that it was important for me to set out the scene at the very beginning.

Another reason is that the Trade Justice Movement and Transform Trade have urged careful consideration of the environmental implications, advocating for trade policies that align with the UK's international commitments to environmental conservation and sustainable development. Labour's amendments—in due course, Mr Davies—are a vision for equitable trade.

In conclusion, it is important to note that the Labour party's stance on the CPTPP is founded on a principled approach to trade policy that prioritises collective wellbeing over narrow economic interests. Our amendments, which we will debate, reflect a comprehensive strategy to ensure that trade serves as a force for good, enhancing our national and global standing without sacrificing our core values and commitments.

As we contemplate the future of UK trade policy, let us be guided by the vision of fairness, sustainability and inclusivity. The Labour party calls for a cautious and considered approach to the CPTPP, and advocates for trade policies that benefit the many. In doing so, we champion a future where the UK not only engages with the world but leads by example in establishing fair, equitable and sustainable trade relations.

Gareth Thomas: I am grateful to you, Mr Davies, for calling me, and for the opportunity to serve again under your chairmanship. I have noted your advice—or instruction—not to go into the detail of the amendments, but I do

wish to ask a number of questions of the Minister to help to guide the points that I will make on some of those measures further down the selection list.

One concern raised on Second Reading was about the collapse of the bilateral talks with Canada. That specific issue is perhaps not directly germane to this Bill, but it raises the question of whether relations with the Canadians have been affected by the collapse of those talks such that Canada may not want to ratify Britain's accession to CPTPP. It would be good to hear from the Minister how he sees the progress among other countries of accepting that accession. I say in passing that we have still not had a clear explanation of the timing of the decision by the Secretary of State to collapse talks with Canada, given that we are still some two months away from the deadline to negotiate a rollover of the EU cumulation rules of origin that were so important for British manufacturing, notably cars.

Also on Second Reading, we heard the Secretary of State querying her own Department's figures about the 0.08% lift to economic growth after 10 years, which was downgraded to just 0.04% by the Office for Budget Responsibility. I take the opportunity again to underline the recommendation of the Business and Trade Committee in its report this week for the Department to bring out a revised impact assessment. It also called for an urgent debate on the benefits—or not—of acceding to CPTPP. If Ministers were willing to support such a debate, it would be good to have that impact assessment brought out urgently. As I said, I hope that the hon. Member for Totnes, who is a member of the Committee, does not resile from those recommendations.

Given that, sadly, our country is now in recession after mismanagement by the Conservative party, and given that exports are set to rise by just 0.1% on average over the next three years, any increase in the modest gains that CPTPP is currently set to offer will be very welcome. However, as part of the discussion about our accession to CPTPP, I want to take the Minister back to debates we had some three years ago on the Trade Act 2021, when he was adamant that there should be no improvement in the scrutiny processes available for the discussion of trade treaties. He will be aware of the concerns raised by a series of organisations—from trade unions all the way through to the slightly less left-wing, one would suggest, noble Lord Frost—about the lack of scrutiny for trade treaties, notably CPTPP. It would be good to hear how the Minister thinks scrutiny of the impact of CPTPP could be improved even a little.

Mr Dhesi: As my hon. Friend is delving into the issue of workers' rights, does he share my concern that the Trades Union Congress has voiced significant anxieties regarding the impact of the CPTPP on workers' rights, particularly in sectors vulnerable to increased exports from countries where labour standards may be compromised to lower production costs? Does he agree that that could potentially threaten the livelihoods of British workers and undercut our domestic industries?

Gareth Thomas: My hon. Friend is absolutely right. I hope that we will get on to some of the concerns that the TUC has raised about labour standards, which I think would be in order during a later debate on clause 3. It would be good to hear whether the Minister shares any of the concerns of the TUC, which has often struggled somewhat to get a hearing with Ministers. I

believe that the situation has improved a little recently, but it was certainly pretty grim when the right hon. Member for South West Norfolk (Elizabeth Truss) was Secretary of State for International Trade.

In his opening remarks, my hon. Friend the Member for Slough rightly drew attention to concerns about ISDS, and I will touch on those a little. Concerns were also raised about issues to do with performers' rights. I accept that there is an opportunity to go into detail about some of those concerns during debates on clause 5, but I wish to ask the Minister a couple of questions, which I hope will inform better the debate on performers' rights in clause 5.

Concerns were raised on Second Reading about environmental and animal welfare issues. Again, there will be an opportunity to talk about some of those a little later. One issue that there might not be such a good opportunity to discuss later, which I gently suggest is appropriate for this clause 1 stand part debate, is the question of future membership of CPTPP. One of my excellent staff discovered an article that the Minister wrote on 24 November 2022, where he hints at the United States rejoining CPTPP. That could have huge implications for the use of ISDS and animal welfare and environmental concerns, and would probably make a nonsense of the current impact assessment, so that is all the more reason for a revised impact assessment to be made.

Matt Rodda (Reading East) (Lab): My hon. Friend is making an excellent speech and doing a very good job of highlighting the issues that sit within this area of policy. Is he going to come on to the more detailed concerns around the environment and animal welfare in relation to the United States should it become a member of the CPTPP? Many British consumers have significant concerns about hormone-treated beef, standards of animal welfare and a range of other consumer and environmental issues.

Gareth Thomas: I am grateful to my hon. Friend, who is absolutely right to raise those concerns. I hope to touch on them in this clause 1 stand part debate, but I do not want to upset the Chair by delving into too much detail. But the RSPCA has raised concerns about the lack of explicit language on animal welfare in CPTPP. It has drawn the Committee's attention to that and has raised a series of concerns around eggs, pig meat, chickens, animal health and genetically-engineered products. Will the Minister respond to the concerns of the RSPCA, which is in order in these debates? It would be good to hear the Minister respond to the concerns of an organisation as reputable as the RSPCA.

Mr Dhesi: My hon. Friend the shadow Minister has spoken up about the USA, but does he agree with me that during the previous debate we did not get clarification from the Government regarding the potential membership of China? We need to determine, within our definitions, the Government's stance on the potential membership of China.

Gareth Thomas: I am grateful to my hon. Friend for raising that issue. I explored whether there was any way to table an amendment that might allow us to probe the Minister about not just China but any new country acceding to CPTPP. Unfortunately, it did not appear to

[Gareth Thomas]

be appropriate or in order to table such an amendment in Committee, but I hope to revisit the issue on Report—indeed, I understand that it was discussed on Report in the Lords.

10 am

Nevertheless, any hints that the Minister can offer us as to how his Department would deal with a new country acceding to CPTPP would be good to hear—whether that country is the US, as he hinted at in his article; whether it is China, as my hon. Friend referred to; or whether it is Taiwan, Indonesia or any of the other countries that have expressed an interest in joining the CPTPP.

On Second Reading, I expressed a series of concerns that had been raised with Labour Members about the clauses on performers' rights. The Minister was good enough to write to me after that debate to try to answer some of the concerns put to me.

The Chair: Order. I should say to the hon. Gentleman that clause 5 is specifically entitled “Performers’ rights”. There will be a debate on whether or not clause 5 should stand part of the Bill. He said that he did not want to upset me too much; I advise him to try not to upset me at all. I gently suggest to him that a debate on “Performers’ rights” would perhaps be better suited to when we are considering clause 5.

Gareth Thomas: I hear the Chair’s sage advice; I think my hon. Friend the Member for Slough used that term. I will attempt to pick up all my concerns about the Minister’s letter and about performers’ rights more generally during a later debate.

I will briefly touch on ISDS, which my hon. Friend referred to in some detail. The Minister has previously claimed that Britain has never lost an ISDS case and that that explains the determination of Ministers to keep ISDS within the CPTPP. My understanding is that that is not entirely accurate and that we lost a case involving Eurotunnel some years ago and had to pay out significant costs. It would be good to have clarity from the Minister about that when he winds up on this clause, to help to inform our later debates around ISDS. It would also be useful to hear whether Britain has ever been threatened with an ISDS claim by other organisations—again, that would help us understand just how much of a threat ISDS being within the CPTPP is at the moment.

The concern is that Britain is, in general, a net exporter of capital at the moment, which is perhaps why we have not been hit with so many ISDS claims as a series of other countries have been. Obviously, however, with Canada a significant player in the CPTTP, and with the US, as the Minister said, potentially rejoining the CPTTP, that would not necessarily be the case. The question is this: would we not be more vulnerable in those circumstances? I gently suggest that that is a material concern, so it would be useful to hear at this stage from the Minister about it before we address the other concerns later. On that note, I look forward to hearing the Minister’s response.

The Minister for Trade Policy (Greg Hands): May I welcome you to the Chair, Mr Davies, and welcome all members to this Committee for line-by-line consideration of this important Bill? Over 40 extraordinary minutes, we have heard an attempt by the Labour Front Bench to reopen the Second Reading debate, but I will try to answer the questions put to me.

Clause 1 is a non-controversial clause that defines the terms used in the Bill. “The CPTPP” means the comprehensive and progressive agreement for trans-Pacific partnership signed at Santiago on 8 March 2018, including the UK accession protocol as it has effect in the United Kingdom from time to time. “The UK accession protocol” means the protocol on the accession of the United Kingdom of Great Britain and Northern Ireland to the CPTPP, signed at Auckland and Bandar Seri Begawan on 16 July 2023.

We heard on Second Reading that the official Labour party position is to support the accession of the United Kingdom to the CPTPP, but over the past 40 minutes we have heard a series of speeches that give the opposite impression. That is often the case in today’s Labour party: there is a diktat from the right hon. and learned Member for Holborn and St Pancras (Keir Starmer) up above, but below him something different is done, particularly by Members who were active when the right hon. Member for Islington North (Jeremy Corbyn) was the party leader. The hon. Member for Harrow West reminded us of his time on the Trade Bill Committee, when he was opposed to all UK trade agreements. Without myself embarking on a Second Reading speech, I wonder how much of that dichotomy is still there in today’s Labour party.

Mr Dhesi: I caution the Minister that there is no dichotomy here. As we said in the Chamber on Second Reading, although we are in favour of acceding to the CPTPP, the job of His Majesty’s Opposition is to go through the Bill line by line and point out the various anomalies, issues and concerns—not just our own, but those of movements including the Trades Union Congress and other voluntary and civil society organisations. Otherwise, we would be heading towards another car crash. Given that the governing party has managed to crash the economy, does the Minister agree that we need safeguards from the Opposition?

Greg Hands: I thank the hon. Gentleman for drawing attention to the fact that this is all about line-by-line scrutiny. I certainly welcome that, if it is indeed the approach that he will be taking. None the less, I feel that I should answer the questions that he and the hon. Member for Harrow West have raised.

Having been an Opposition Front-Bench spokesperson myself, I should point out that the way a Bill Committee generally works is that Members table amendments about things they wish to speak about, rather than seeking on clause 1 to shoehorn in all kinds of additional questions and issues on which they have not tabled amendments. The Labour party has been in opposition for some time now—close to 14 years—and one might have thought that it would have learned some lessons about how to be a more effective Opposition. None the less, I will respond to the questions in the spirit in which they were asked.

The first question was about Canada. Of course, the hon. Member for Harrow West was a frequent rebel when it came to the UK and EU trade agreement with Canada, so he has a bit of form here. He said that there is an important roll-over of the rules of origin, and he is absolutely right, but what he did not tell us is that he opposed those rules of origin in the first place when the comprehensive economic and trade agreement was passed in this very Committee Room seven years ago. It is a bit rich for him now to say that something is important today when he was one of a small minority of Labour Front Benchers who opposed it.

Gareth Thomas: Will the Minister give way?

Greg Hands: Of course, if the hon. Gentleman is going to explain whether he has changed his mind. Is he still opposed to CETA? I am sure he is going to tell us.

Gareth Thomas: First, I thank the Minister for describing me as a frequent rebel. I am hugely grateful to him for that characterisation: it will appear on my election leaflets for years to come. He has raised my vote on CETA many times, and I suspect he will do so many times in future; I do hope so. I gently make the point that he promised us he would help to negotiate a better deal with Canada, but he has not done so. In fact, we have worse terms of trade with Canada than when we were in the EU .

Greg Hands: I do not think that this is the time to discuss the whole future and present of our overall trading relations with Canada, but I gently remind the hon. Gentleman that he has form on this. We remain open to restarting the bilateral talks; of course, that rolled-over agreement remains in place and nothing has been undone by the pause on the bilateral talks. We continue to work with Canada on its CPTPP ratification.

The hon. Member for Harrow West called for an urgent debate—we support having one, if parliamentary time can be found—under the CRaG process. I think he has grown to dislike the CRaG process, but I point out that he is one of the few members of this Committee who voted in favour of the process back in 2010.

Gareth Thomas: I well understand the Minister wanting to reach for a piece of Labour legislation for comfort in the difficult circumstances of this particular Bill. I gently point out to him, however, that we have now left the European Union, which the CRaG process, when put into legislation, assumed we would continue to be a part of. I therefore gently suggest that we need to update the scrutiny processes. The Minister appears to be one of the last people on the Government Benches who is opposed to improving parliamentary scrutiny. With an election coming, given that he might be sitting on the Opposition Benches—if he survives—he should appreciate better scrutiny arrangements. Perhaps he is willing to seek the advice of the hon. Member for Totnes on how scrutiny arrangements might be improved.

Greg Hands: The hon. Gentleman and I were in Parliament—as you were, Mr Davies—when CRaG was passed, and it was not dependent on or linked to the UK's membership of the European Union. It was a process for the parliamentary ratification of all international treaties. I gently remind the hon. Gentleman of that.

I am glad that the hon. Gentleman mentions parliamentary scrutiny, because I have looked back through the annals of time. As the Committee may know, I have been closely involved with CPTPP for a long time—since I first became Minister of State with responsibility for international trade back in 2016. I checked back on the parliamentary scrutiny that we have had over the years, as I was specifically asked to.

In June 2021, we published our negotiation objectives. We have provided regular updates to Parliament on CPTPP: two oral statements and, extraordinarily, 16 written ministerial statements. I do not think that there has been a lack of parliamentary scrutiny. Ministers and the chief negotiator have appeared before five separate Select Committees to discuss CPTPP and to answer questions about it. We had the Trade and Agriculture Commission's report in December 2023 and the section 42 report in January 2024, and the CRaG process has now started. There has been no shortage of parliamentary scrutiny.

The hon. Member for Harrow West asked about future membership. I will not be drawn on that subject, but I refer him to the Auckland principles; he can check out what those are all about. Had he really wanted to talk about future membership, he could have tabled an amendment. I will certainly look at the RSPCA concerns, but, again, he has not tabled an amendment on them.

As for the Select Committee, the hon. Gentleman has been trying to get it to do his job for him. He cited a recommendation from the Select Committee that we have a fresh impact assessment, but I note that that is not a recommendation on which he himself has tabled an amendment. Had he done his homework over the past couple of weeks, he need not have made a speech today covering all kinds of new areas on which he has failed to table an amendment.

As for ISDS and palm oil, we will come on to debate them with new clauses 5 and 1. I think the hon. Gentleman floated something about a Eurotunnel case from many years ago; if he wants to give some detail on that, he can write to me as to what that may have all been about. Of course, it may well have been in his own time as Trade Minister under the last Labour Government.

10.15 am

Gareth Thomas: On the Eurotunnel question, the Minister might like to check with Lord Johnson, because he seemed to know a little bit more about the case than the Minister appears to. Perhaps when the Minister goes back to his Department he might seek out his noble Friend and get some background from him.

The problem with ISDS, particularly in the Eurotunnel case, is that War on Want had to table a freedom of information request to find out what had happened. That level of secrecy is one of the problems with ISDS. As the Minister has access to those records, it would be useful if he published or made clear what happened in that case. That would help us, as a country, to learn how we might avoid such claims in future.

Greg Hands: Again, if the hon. Gentleman had wished to debate that, he might have tabled an amendment on it. Maybe he will do so later in the Bill's passage.

Gareth Thomas: On a point of order, Mr Davies. I gently ask whether you might draw the Minister's attention to new clause 5, which is specifically about ISDS.

The Chair: As the hon. Gentleman knows, that was not a point of order. I should say that he was leading with his chin by pointing that out, because his remarks should have been confined to our debate on new clause 5.

Greg Hands: In conclusion, I urge that this short, technical and non-controversial clause stand part of the Bill.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Clause 2

TREATMENT OF CONFORMITY ASSESSMENT BODIES ETC

Gareth Thomas: I beg to move amendment 1, in clause 2, page 1, line 19, leave out from “subject to” to the end of the subsection and insert “approval by resolution of each House of Parliament”.

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

Amendment 2, in clause 2, page 2, line 2, at end insert—

- “(5) Regulations under subsection (1) may not be made before completion of such public consultation as the appropriate authority considers appropriate with the relevant—
- (a) Scottish ministers,
 - (b) Welsh ministers,
 - (c) department of the Northern Ireland Executive, and
 - (d) representatives of the English Regions.”

Clause stand part.

Gareth Thomas: Clause 2 is about the treatment of conformity assessment bodies, and who certificates or provides assurance that products meet necessary regulatory requirements. Testing, certification and inspection are all conformity assessment procedures, usually carried out by third-party organisations called conformity assessment bodies. At the moment, our legislation requires there to be based in Great Britain, or in a country with whom the UK has a mutual recognition agreement, conformity assessment bodies that carry out those processes for goods and services sold in the UK. Under article 8.6 of the CPTPP treaty, conformity assessment bodies established in the territories of CPTPP parties are to be treated no less favourably than conformity assessment bodies located domestically.

The Opposition accept that the UK will have to amend its legislation to allow conformity assessment bodies established in other CPTPP countries to apply for approval and accreditation for the Great Britain market. That is clearly not the case in Northern Ireland, where, under the Windsor framework, EU rules around conformity assessment bodies still apply. It would be good to hear from the Minister how the approval and accreditation process for conformity assessment bodies established, for example, in Canada, Malaysia, Japan or Brunei for the British market might work in practice.

Many conformity assessment bodies are very well established, particularly those in the UK. None the less, I gently suggest that there is a need for better consultation about future approval of conformity assessment bodies that might operate in other CPTPP countries, but want to operate within our markets. There is also a need for a

stronger role for Parliament in general, specifically around conformity assessment of new technologies such as artificial intelligence.

Amendment 1 would make the negative procedure a positive one, to make a debate more likely. Amendment 2 would require more consultation with Scottish and Welsh Ministers, with Northern Ireland and with representatives of the English regions, before regulations are introduced. Let me explain why the amendments could usefully be made to the Bill; I will give an example from another regime that demonstrates why conformity assessment bodies are likely to be needed for artificial intelligence and why, therefore, my amendments on such bodies from CPTPP countries being registered here in the UK are appropriate.

Current EU rules appear to require conformity assessments for high-risk artificial intelligence systems that cover machinery, radio equipment, toys, civil aviation, medical devices, cars, railway applications and appliances burning gaseous earth fuels. Surely we would want to know that conformity assessment bodies approving high-risk artificial intelligence systems know what they are doing when they operate in the UK. To ensure that they do—certainly until the technology is well established and its risks and benefits are well understood—there ought to be wide consultation and significant parliamentary debate whenever a new artificial intelligence conformity assessment body seeks accreditation in the UK, given the potential security issues around artificial intelligence. That seems even more important given the potential for new applicant countries to join the CPTPP. As I understand it, China is well advanced in artificial intelligence development, as is the US. Can the Minister set out what discussions Ministers have had about the possibility of new artificial intelligence conformity assessment bodies emerging from other CPTPP countries wanting accreditation to operate in Great Britain?

I certainly would not want to hold back the development of artificial intelligence in any way, given its exciting potential to transform our country and others for the better. It enables the simulation of human-like intelligence to make decisions, solve problems and analyse information, among other things. It allows various applications such as voice recognition, image creation and autonomous vehicles. As I hope I have hinted at, it has the potential to revolutionise industries from healthcare to finance by automating tasks, imparting efficiency and enabling all sorts of new capabilities. It is quite clear that more and more businesses are looking at artificial intelligence options to see whether there is potential for their operations to improve their products and services and help with cost reduction, revenue growth and so on.

At the moment, artificial intelligence regulation is relatively limited, but there is an active and growing debate about how and when to regulate artificial intelligence and how to go about that process. There are active debates in the EU and China, as I hinted at, as well as in Canada and Brazil, along with the other example I gave earlier in the US. In the EU, for example, conformity assessments of AI products or services are defined as the process of verifying and/or demonstrating that a high-risk system complies with certain requirements, such as good risk management, good data governance, good technical documentation, proper human oversight, accuracy, robustness, good cyber-security and good record keeping. CPTPP evolves, so it is surely possible that

artificial intelligence conformity assessment bodies will be established in other CPTPP member states, and will want approval and accreditation to operate in our markets.

Lawyers are beginning to look at these issues in detail. For example, one anticipated that the focus will be on testing such systems for bias and discriminatory or disparate impacts. The conformity assessments might in some cases just mean an internal assessment, but in other cases might require an assessment conducted by an independent third party, which would then issue a certificate to confirm the artificial intelligence system's compliance. In short, that third party would be a conformity assessment body.

As artificial intelligence is such a new and innovative product or service, the way in which particularly high-risk forms of artificial intelligence are regulated may vary from one country to the next. Therefore, the way that conformity assessment bodies operate—what they expect of artificial intelligence firms—may differ widely too. There is surely a more active role for Parliament than the Bill currently envisages to consider directly whether each artificial intelligence conformity assessment body meets the standards that we and our constituents would expect.

Mr Dhesi: My hon. Friend the shadow Minister is making a very important point. Given the profound impact that artificial intelligence will have on all our lives, it is important that we are a beacon for its regulation around the world. Does he agree that we cannot merely leave it to Ministers to administer AI regulation? There must be a comprehensive role for Parliament, which is why amendment 1, which seeks to insert “approval by resolution of each House of Parliament”, is so incredibly important.

Gareth Thomas: I am grateful to my hon. Friend for his support. I am sure that in the years to come there will be a considerable amount of debate in Parliament on both the potential for artificial intelligence, and where and when regulation of AI is required. To be fair to the Minister, the negative resolution process currently in the Bill does give Parliament some role, but I think a more active role for Parliament is required, particularly as this exciting and new—but potentially risky in some circumstances—technology is developed.

Given the important role that conformity assessment bodies for other products and services play in keeping us safe, conformity assessment bodies for artificial intelligence are likely to have a very important role in the future. We need to ensure that the way in which CPTPP is affected by artificial intelligence, in terms of its impact on the UK, is fit for purpose going forward. I know that the Minister is an enthusiast for not having much scrutiny of trade treaties, so there are likely to be relatively few opportunities to return to this CPTPP legislation and the conformity assessment bodies section within. Let us take the opportunity in this Committee to look to the future and recognise both the benefits and the risks of artificial intelligence. Let us also recognise that one way to ensure additional safety is by ensuring more parliamentary scrutiny of new conformity assessment bodies from CPTPP member countries that might operate here in the UK.

10.30 am

Let us also ensure more discussion and consultation with parts of Government across the UK, in Scotland, Wales, Northern Ireland and all the regions of England. For something as new, novel and wide-ranging as AI, surely any sensible Government would want to consult widely before allowing the conformity assessment body of another country to have approval and accreditation to operate in the Great Britain AI market. AI experts are not all dotted around Whitehall or just in London, so consultation with Scotland, Wales and Northern Ireland, and with representatives of the English regions would seem entirely sensible. Amendment 2 seeks to achieve that.

Amendments 1 and 2 are also an opportunity to put right some of the scrutiny problems going forward. I say in passing that the Public Administration and Constitutional Affairs Committee strongly advocated for reform of the CRaG process and for a much more active role for Parliament. We do not have the opportunity here to implement that Committee's recommendations, in its very interesting report, “Parliamentary Scrutiny of International Agreements in the 21st century”, which came out at the end of January, but we do have the opportunity to address, in a small way, concerns about a lack of scrutiny and consultation through these two Opposition amendments.

Mr Dhesi: I want to dwell on this point, because the Labour party believes firmly in devolution. Amendment 2 would require consultation with other, devolved Governments and with our Metro Mayors, because we need to harness the talent and potential from across our United Kingdom—whether in regulation or conformity, particularly with respect to artificial intelligence—rather than being more Whitehall-centric. Does my hon. Friend therefore agree that amendment 2 is particularly important?

Gareth Thomas: I am grateful to my hon. Friend for his intervention, and he is absolutely right. It is striking that the Scottish Government and the Welsh Government's submissions on CPTPP raised concerns about scrutiny and consultation. For example, the Scottish Government's written evidence noted

“the continued lack of data disaggregation for Scotland”

in the Government's assessment of the benefits of CPTPP.

They noted that

“an estimate of long-run changes to Scotland's Gross-Value Added was provided,”

but that

“specific impacts according to sector, region and protected group within Scotland were not included in the assessments and so potentially significant impacts could have been missed.”

I would not want to suggest that our amendments will solve all those problems, but if they begin to embed better consultation with the Scottish Government, the Welsh Government, Northern Ireland and the English regions even a little bit, then I gently suggest that that can only be to the good.

Anna McMorris (Cardiff North) (Lab): I want to re-emphasise my hon. Friend's point about consulting and working closely with the Welsh and Scottish Governments and the devolved regions to ensure that the next steps are taken in collaboration. As we know, this Government are renowned for not working closely

[Anna McMorrin]

with the devolved nations and not having those conversations with devolved Governments. That has been my experience of working in the devolved regions and the Welsh Government. The amendment is vital to ensure that consultation is put in statute.

Gareth Thomas: I welcome my hon. Friend's intervention and the experience of working in the Welsh Government that she brings to our considerations. It is striking that the Welsh Government raised a series of concerns, which they felt the Government had not addressed properly. For example, they noted that consultation with the Government had been mixed; at various times, it had been quite poor and had got better. In the last few weeks, before accession was announced, it had deteriorated again. I suspect that is about Ministers not wanting to hear different points of view and challenges to their ideological standpoint. For the benefit of the country, we need to ensure that we move forward together. Surely we are stronger together if we have better consultation and parliamentary scrutiny. On that basis, I look forward to hearing the Minister's response.

Greg Hands: I thank the hon. Members for Harrow West, for Slough and for City of Chester for tabling the amendments in the group. Again, I noticed that the greater part of the speech by the hon. Member for Harrow West was about things that were not actually in the amendment. I gently remind Members that he perhaps used AI to help him to table his amendments in the first place—in which case he shows some of the limitations of following a slavish approach when it comes to artificial intelligence. None the less, I will speak to the amendments before us.

First, I will briefly outline clause 2 and conformity assessment bodies. To comply with the requirement on our accession, we need to change some of the UK's subordinate legislation, which requires conformity assessment bodies to be established in this country or in countries with which the UK has a mutual recognition agreement. The legislative changes do not alter the regulatory requirements for products entering this country—that is really important to understand. Any overseas conformity assessment bodies approved by the UK will carry out assessment against regulations that apply in this country, not those regulations applying in the CPTPP party in which they are established.

The changes do not mean that conformity assessment bodies established in other CPTPP parties' territories will gain automatic approval. Instead, all CPTPP-based conformity assessment bodies will need to demonstrate that they meet the relevant UK requirements, such as being accredited by the UK's national accreditation body, UKAS—not as familiar a UKAS as UCAS. The obligation also applies to other parties to the agreement. It is obviously a treaty with multiple countries, which means that UK conformity assessment bodies will be able to apply for approval from CPTPP parties to carry out conformity assessment against their regulations.

Before I mention the term “CPTPP parties” again, I should explain that they are countries that have acceded to the CPTPP. That would allow UK manufacturers exporting to CPTPP parties to have their products tested in the UK rather than overseas, which could save our exporters considerable time and money. It also

means that UK conformity assessment bodies could enter lucrative new markets with their services, as approximately £10 billion in UK exports to CPTPP parties were covered by conformity assessment procedures in 2021. This clause is necessary to allow the UK to comply with the technical barriers to trade, or TBT, chapter of CPTPP, to meet our international obligations upon accession and to accede to CPTPP.

I will turn first to amendment 1, which concerns the scrutiny of secondary legislation made under the Bill, before speaking to amendment 2, which concerns the devolved Administrations and what it calls “regional government”. Let me emphasise how seriously the Government take their commitment to keep Parliament and the public apprised of the Government's negotiations for new free trade agreements. I read out a whole series of consultative interactions with Parliament that have happened during our commitment for the UK to accede to CPTPP. Let me be clear that amendment 1 would mean a vote not on the agreement—which we worked hard to keep Parliament informed of through various debates, ministerial statements and Select Committee appearances—but on the secondary legislation regarding the implementation of the trade agreement. Parliament now has the opportunity to formally scrutinise the UK's accession protocol to the CPTPP through the usual procedure under the Constitutional Reform and Governance Act, or CRAg. The Secretary of State has also written to the Leader of the House to request a general debate during the sitting days of CRAg. CRAg, which commenced yesterday, is the main avenue for scrutiny of this deal, not specific secondary legislation made under the power in this Bill.

Anthony Mangnall: I apologise for interrupting the Minister, but I think it is important, as a member of the Business and Trade Committee, to say how far we have come in the scrutiny of trade agreements. When the Secretary of State came in front of the Business and Trade Committee recently, she made it clear that we would have the debate that he alluded to during the CRAg's 21 days and that the House would have a chance to properly scrutinise the trade agreement. I hope that will be the form for all future agreements.

Greg Hands: I welcome my hon. Friend's intervention. Of course, it is not entirely within my gift to ensure that that debate takes place. That will be down to the business managers and the usual channels, as is usual for scheduling parliamentary business. However, I welcome his recognition of how much extra effort the Government have put into ensuring parliamentary scrutiny—earlier I mentioned the 16 written ministerial statements and appearances between before five different Select Committees.

On the secondary legislation in question, the power in clause 2 would ensure that conformity assessment bodies established in CPTPP party territories will be treated no less favourably than ones located in the UK in relation to conformity assessments for products supplied in this country, pursuant to article 8.6 of CPTPP. This is a narrow power that is designed to make minor technical amendments to existing secondary legislation and some assimilated law.

The negative procedure is reasonable and appropriate for such amendments. That is a position supported by the Delegated Powers and Regulatory Reform Committee,

or DPRRC—the experts in this area, at least from a parliamentary perspective. It indicated that there was nothing in the Bill to which it wished to draw the House’s attention. The powers in the Trade (Australia and New Zealand) Act 2023 were similarly subject to the negative procedure, and the DPRRC raised no concerns in relation to the delegated powers in that Act either.

Amendment 2 deals with consultation on the treatment of conformity assessment bodies under clause 2. I am grateful to hon. Members for the opportunity to discuss the important issues raised by this amendment. The breadth of modern free trade agreements means that some policy issues will fall within the competence of devolved Administrations. It has been clear from the inception of the UK’s independent trade policy—as indeed it was when we were members of the European Union—that aspects of trade policy would impinge on areas that were within the devolved competence of the nations, agriculture being the most obvious example. That is why my Department has established a significant programme of engagement with the devolved Administrations. I meet quarterly with the Ministers in a ministerial forum for trade, for example, and our officials speak all the time.

However, it is vital for the UK’s ability to meet its commitments under CPTPP that CPTPP and protocol obligations should be implemented in the UK. Adding a consultation requirement before secondary legislation can be made pursuant to clause 2 could delay ratification of the agreement. Going back to earlier comments, I am never entirely sure whether Opposition Front Benchers are in favour of this agreement. They keep trying to introduce new ways to delay ratification, which makes me suspect that, when it comes to it, rather a lot of them do not. If implementing legislation is not in place, the UK would be in breach of CPTPP on day one of entry into force of the accession protocol, as the UK would not be in compliance with the terms of CPTPP.

10.45 am

It is important to note that article 8.6 places binding obligations on only the UK Government, not the devolved Administrations, because the binding obligations of CPTPP relate to only UK Government regulations. Clause 2 will be used to amend only UK Government conformity assessment regulations, not devolved legislation. The subordinate legislation that will be amended as a result of this clause is reserved. I am happy to say that my officials and I have engaged frequently with devolved Administrations throughout the implementation process. In the case of CPTPP, we have found common ground between the UK Government and devolved Administrations on our objective and the outcome of negotiations, and we will share the relevant SIs with the devolved Administrations in due course.

This amendment would also add a new subsection 5(d) to clause 2:

“representatives of the English Regions.”

Those of us who have been around in politics for a while will wonder who these representatives of the English regions are. I am not entirely sure—I think I heard some reference to Metro Mayors. The hon. Member for Harrow West has been around for so long; he was in government when Lord Prescott proposed his big scheme of regional government—that failed campaign to generate

regional assemblies. Maybe he is referring to Sue Gray’s latest proposal for citizens’ assemblies—this amendment might be a precursor to something that Labour are cooking up, which I know the British people will defeat later this year. I see his return to talking about governments of the English regions with great interest. Might I urge him to write to the Committee to outline exactly what he means with that reference to English regions in the amendment? Perhaps he could tell us when he comes to determine whether he will put his amendment to a vote.

I hope that that reassures hon. Members that the Bill is drafted in way that respects the devolution settlement. I am confident that the co-operative and effective intergovernmental engagement that has been taking place between the UK Government and devolved Administrations on international trade policy will continue. I call on the hon. Member for Harrow West to write to the Committee explaining in more detail what his amendment means, particularly the reference to representatives of the English regions. Is he harking back to Lord Prescott’s failed reforms? Is he referring to Sue Gray’s citizens’ assemblies? Perhaps he could clarify that for the benefit of members of the Committee. I nonetheless ask hon. Members to withdraw the amendment.

Gareth Thomas: I am grateful to the Minister for his characteristically bombastic assessment of our amendments. I also enjoyed the intervention from the hon. Member for Totnes. I think the gist of his remarks was that we have come a long way on scrutiny. I recognise that he has come a long way back into the Government fold, but I am not sure that we have come a long way on scrutiny of trade agreements. Perhaps he was still a little bit traumatised by a previous Secretary of State failing to turn up to a Select Committee to answer questions on eight occasions, and therefore grateful that the current Secretary of State did actually manage to turn up to answer questions on trade. While he might think that we have come a long way on scrutiny of trade agreements, the Select Committee on Public Administration and Constitutional Affairs does not. I was struck by the lack of any reference to the Government’s response to that Committee in his comments.

Let me be clear again at the outset: we support accession to the CPTPP. However, it is our role as a responsible Opposition to raise the concerns of all sorts of stakeholders and to require those representing the Executive and the Treasury Bench to respond to those concerns. If the scrutiny arrangements for trade treaties were better, Opposition Members would perhaps have slightly less work to do to raise all the concerns.

Matt Rodda: My hon. Friend is making an excellent speech. Would he like to comment on some of the stakeholders the Minister brushed off somewhat, particularly the RSPCA, which is a hugely respected body raising concerns about animal welfare? I wondered whether my hon. Friend wanted to address that.

Gareth Thomas: I am afraid that it is rather characteristic of the tired Government we have that they are not always particularly interested in addressing seriously the concerns of organisations with such a long and cross-party track record as the RSPCA.

Anthony Mangnall: I intervene just because I feel that the hon. Gentleman might be trying to bait me at this point. Does he not pay any attention to the Trade and Agriculture Commission and its membership? It deals in full in its report with the issue of animal welfare and animal health and the sanitary and phytosanitary rules that have been alluded to by Opposition colleagues. Indeed, there is also the section 42 report that the Government have published in response to the Trade and Agriculture Commission, so this is not a tired Government; this is a Government who are addressing the concerns and are alive and well within our trade negotiations.

Gareth Thomas: I would never dare to try to bait any Member of this House. I gently say to the hon. Member for Totnes that the Trade and Agriculture Commission's report is an example of how scrutiny arrangements could improve. If he tracks back to when the report was published by the Trade and Agriculture Commission, he will be aware that it was published after Second Reading in the House of Lords. Again, I am gently suggesting that we still have some way to go to get scrutiny arrangements much better than they are. I hope to come on to some of the specific concerns and issues that the Trade and Agriculture Commission raised in debates on other amendments.

I am sure that the Minister, if he tracks back to the debates that he and I had during the passage of, I think, the 2021 Trade Bill, will remember that the Opposition pressed for better consultation with Scottish and Welsh Ministers, with Northern Ireland, and with representatives of the English regions. I gently say to him that he might wish to start a whole series of scare stories running, which has been his wont in various guises, I have noticed, down the years, but I do not think it is beyond the wit of Government to speak to local representatives in the English regions in a way that is not bureaucratic but which ensures that all the views across our great country are heard.

Lastly, on the Minister's point about the apparently wonderful meetings that he has with the devolved Administrations, I gently draw his attention to the ministerial foreword to the Welsh Government's comments on CPTPP accession. Vaughan Gething, Minister for Economy, said:

"The engagement with UK government has varied throughout the accession process. Whilst there was a lack of engagement at the beginning of the process,"

engagement did begin to "improve over time". However, he says at the end of the foreword:

"However, the engagement in the period between the announcement of the agreement in principle through to signature was less positive, particularly when it came to discussions around the UK government analysis on the impact of the deal."

The Scottish Government echoed some of those concerns in their remarks. Therefore it is clear that we could improve the scrutiny process for trade deals.

I would like to be convinced by the Minister's response. Sadly, I am not, so I therefore seek your permission, Mr Davies, to divide the Committee on both amendment 1 and on amendment 2.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 10.

Division No. 1]

AYES

Dhesi, Mr Tanmanjeet Singh	Slaughter, Andy
Dixon, Samantha	Thomas, Gareth
McMorrin, Anna	Thomson, Richard
Rodda, Matt	

NOES

Brereton, Jack	Jayawardena, rh Mr Ranil
Hands, rh Greg	Mangnall, Anthony
Henry, Darren	Sambrook, Gary
Hudson, Dr Neil	Stafford, Alexander
Hunt, Jane	Wood, Mike

Question accordingly negated.

Amendment proposed: 2, in clause 2, page 2, line 2, at end insert—

"(5) Regulations under subsection (1) may not be made before completion of such public consultation as the appropriate authority considers appropriate with the relevant—

- (a) Scottish ministers,
- (b) Welsh ministers,
- (c) department of the Northern Ireland Executive, and
- (d) representatives of the English Regions."—(*Gareth Thomas.*)

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 10.

Division No. 2]

AYES

Dhesi, Mr Tanmanjeet Singh	Slaughter, Andy
Dixon, Samantha	Thomas, Gareth
McMorrin, Anna	Thomson, Richard
Rodda, Matt	

NOES

Brereton, Jack	Jayawardena, rh Mr Ranil
Hands, rh Greg	Mangnall, Anthony
Henry, Darren	Sambrook, Gary
Hudson, Dr Neil	Stafford, Alexander
Hunt, Jane	Wood, Mike

Question accordingly negated.

Clause 2 ordered to stand part of the Bill.

Clause 3

PROCUREMENT

Question proposed, That the clause stand part of the Bill.

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

The schedule.

New clause 1—*Assessment of the impact of the CPTPP Chapter on government procurement—environment—*

"The Secretary of State must, within three years of Royal Assent to this Act, lay before Parliament assessments of the impact of the implementation of the CPTPP Chapter on government procurement on—

- (a) the Government's plans to tackle climate change;
- (b) the sustainable production of forest risk commodities, including palm oil, within UK supply chains,

- (c) deforestation, and
- (d) the Government's environmental targets and environmental improvement plans established under the Environment Act 2021."

New clause 2—*Assessment of the impact of the CPTPP Chapter on government procurement—employment and industry*—

"The Secretary of State must, within three years of Royal Assent to this Act, lay before Parliament assessments of the impact of the implementation of the CPTPP Chapter on government procurement on—

- (a) manufacturing in the United Kingdom;
- (b) the job market in the United Kingdom, including but not limited to gender inequality therein;
- (c) the level of procurement by local authorities from businesses in their local authority area;
- (d) the delivery of public services in the United Kingdom; and
- (e) the Government's commitments to the conventions of the International Labour Organisation."

New clause 7—*Impact assessment of implementation of the CPTPP Chapter on Government Procurement on developing country trading partners*—

"(1) The Secretary of State must, within 12 months of the passing of this Act and every 12 months thereafter, publish a report on the impact of the implementation of the Government Procurement chapter of the CPTPP on developing country trading partners of the United Kingdom.

(2) The impact assessment under subsection (1) must include an assessment of—

- (a) social, environmental, and economic impact on countries with high levels of dependence on the UK market;
- (b) steps that have been taken to consult with affected trading partners;
- (c) proposed remediation measures for potential economic damage;
- (d) how the experience and impact of implementation might inform negotiation of future trade agreements."

Greg Hands: Clause 3 is vital to ensure that we bring procurement legislation into compliance with the Government procurement chapter of CPTPP to ensure that the UK is ready to accede. Clause 3 and, accordingly, the schedule amend domestic procurement legislation, namely the existing procurement regulations that regulate procurement and the Procurement Act 2023, which will regulate procurement for England, Wales and Northern Ireland when that Act substantively commences in October 2024. Those amendments extend the UK's market access obligations to suppliers from CPTPP parties and introduce two minor technical measures, which will ensure full implementation of the requirements of the Government procurement chapter of CPTPP. Joining CPTPP will build on the existing comprehensive agreements that the UK has with most parties by providing UK businesses with even greater legally guaranteed access to opportunities in their Government procurement markets in several areas.

Samantha Dixon (City of Chester) (Lab): It is a pleasure to serve under your chairmanship, Mr Davies. I ask for your indulgence and that of hon. Members as this is my first Bill Committee since my election in December 2022.

New clause 1 focuses on the environmental impact of the Bill and aims to keep the Government accountable for their plans to tackle climate change—something we should all be mindful of at this time. It is important to seek further clarification on the environmental impact of the CPTPP agreement and how the Government intend to mitigate detrimental environmental impacts of the UK's accession to the bloc.

Around 90% of the world's oil palm trees are grown on a few islands in Malaysia and Indonesia, and just 1% of Malaysian palm oil smallholdings are certified by the Roundtable on Sustainable Palm Oil. That 1% constitutes around 40% of all palm oil plantations in Malaysia. When it comes to palm oil, education is key. We continue to see ongoing misconceptions around sustainable palm oil. Despite 60% of people in the UK knowing about palm oil, a recent Kantar report found that more than 85% did not know about sustainable palm oil, which is an efficient crop with significantly less environmental impact on the land than other vegetable oils. Replacing it with another oil would mean using up to eight times more land for oils such as rapeseed or sunflower. Sustainable palm oil can be beneficial for biodiversity and to protect, conserve and enhance ecosystems. There is still widespread concern about the effect of reduced tariffs, for example, on expanding palm oil imports leading to deforestation. This is a major environmental crisis and it is the second largest contributor to climate change globally after burning fossil fuels.

Nearly 90% of deforestation is attributed to agricultural expansion. The impact of that is not only having an effect on our climate but has resulted in a sharp decline in precious native wildlife such as orangutans, rhinoceroses, hornbills, tigers and elephants, pushing them to the brink of extinction. Indeed, there are now more MPs in Westminster than there are Sumatran tigers on the planet, and deforestation has played a major role in that dreadful statistic.

11 am

Crucially, once ratified, the CPTPP agreement will remove import tariffs on palm oil, irrespective of its environmental credentials. That action risks contradicting commitments made by the Government under schedule 17 of the Environment Act 2021 to tackle illegal deforestation in UK supply chains and is irresponsible without the safeguards of the due diligence secondary legislation. In the House of Lords, the Government said they would introduce the due diligence secondary legislation in spring 2024. That remains vague. Can the Minister give further clarification on the timeline for this urgent legislation? Environmentalists are calling for that secondary legislation to be introduced as soon as possible. On behalf of the Government, Lord Johnson also committed to a monitoring report after two years and a comprehensive evaluation of the agreement after five, which will include an assessment of the environmental impacts of the CPTPP trade deal. Our amendment seeks to make the review after three years, rather than five, which is more timely

Mr Dhesi: My hon. Friend makes a powerful point about deforestation and environmental consequences. She might also be aware of Transform Trade's analysis of the restriction of farmers' rights to seeds, which underlines the CPTPP's potential to come into conflict

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with the UK's environmental and sustainability goals. There are fears, for example, that the mandatory adoption of the international convention for the protection of new varieties of plants 1991 by CPTPP signatories could severely affect biodiversity and undermine small-scale farming, contradicting commitments under international agreements such as the Paris agreement and the sustainable development goals. Does my hon. Friend agree that it is important both to protect farmers' rights and to promote agricultural biodiversity?

Samantha Dixon: Absolutely. I thank my hon. Friend for his intervention. He makes an important point, which underlines why the review needs to be timely. Lord Johnson said in the other place that he would be surprised if the evaluation and monitoring reports did not cover information on environmental standards, reduction of the risk of deforestation and many other areas. However, we need more clarity on that point. Specifically, what will the Government include in the reviews?

The review should consider how CPTPP membership has affected the sustainable production of forest risk commodities, including palm oil, within the UK supply chain. Further, the review specifically needs to investigate the impact of membership on deforestation. The Government have yet to outline the details of how they will progress. They have promised to involve conservation experts, but how will that work?

I hope that the Government will engage with expert environmentalists, such as Chester zoo in my constituency, which has been at the forefront of championing sustainable palm oil, both in the UK and in Malaysia, throughout the environmental impact evaluation process from its planning stages to giving evidence. I will take the opportunity to thank Chester zoo for all its work on conservation, biodiversity and environmental issues. Indeed, it is thanks to its hard work, along with Ferrero, that Chester became the first sustainable palm oil city in the UK in 2019, sourcing its palm oil entirely from sustainable sources.

Working with Chester zoo, the international company Ferrero, which for 70 years has made products such as Nutella, Kinder chocolate and Thorntons—as well as what is believed to be the ambassadorial favourite, Ferrero Rocher—was one of the first global companies to source 100% responsible, sustainable, certified and segregated palm oil, and has been recognised by the WWF as the No. 1 manufacturer for sustainable palm oil. Ferrero not only uses sustainable palm oil itself but encourages its use by others. In partnership with Chester zoo through its sustainable palm oil communities project and the SPO education programme, Ferrero helps to educate communities and schools on the role of sustainable palm oil. I thank Ferrero for all it does to raise awareness and bring others along the sustainable palm oil journey.

The Government have not set out what they expect to happen once the review has been completed. Will they commit to a regular review of the environmental impact of the trade deal to ensure that it aligns with our global obligations, such as the targets set under the global biodiversity framework, long into the future? Finally, and more widely on the review, it is important that the Government commit to parliamentary oversight of its

findings. Where will the review be published and what level of scrutiny will be enabled? Those details are all missing from the Government's reassurances so far; clarifications are much needed, hence our new clause.

Looking forward, I know that Chester zoo and others would like to see the Government working to link preferential trade tariffs to sustainable practices. A good example is the free trade agreement between the European Free Trade Association and Indonesia signed in 2021, which included a commitment that palm and other vegetable oils that have been produced protecting primary forests, peatlands and related ecosystems will get preferential market access. This initiative is clearly possible, and something that future trade deals should consider within the primary agreement.

The CPTPP is a great opportunity for the UK to take a position on actively promoting the use of sustainable palm oil and other environmental issues. The agreement will increase UK influence in the region, so we must ensure that we bring it to bear on all these vital issues. I commend the new clause to the Committee.

Anna McMorrin: As it stands, this trade agreement makes a mockery of the Government's own environmental commitments. On the impact of the CPTPP on the environment, environmental provisions in trade agreements are given significant importance these days. Australia, Malaysia, Mexico and Peru are incredibly diverse; they are defined as mega-diverse regions for supporting more than 70% of biological diversity on the planet. However, we know that the carbon footprint within trade can be significant and deforestation can be exacerbated.

At COP26, held in Glasgow and chaired by the UK, the UK Government spearheaded a global forest initiative aimed at halting deforestation. I am not sure how this agreement, as it stands without this new clause, meets this Government's own objectives and initiatives. Could the Minister clarify that?

The Trade Secretary previously said,
“you have to make trade-offs”

in signing trade deals, and that palm oil was “a great product”. However, we know that reducing tariffs on palm oil could cause huge problems—that product is directly linked to deforestation and damage to habitats, such as that of the orangutan. As it stands, the risks of this trade deal's rewarding environmental destruction are huge. That is why it is so important to include safeguards, and this new clause.

This trade deal encourages trading products made with pesticides that are banned in the UK, it encourages trade in deforestation-linked palm oil and it rewards environmentally-destructive practices that harm our farmers here at home. Therefore, we need safeguards in the form of impact assessments. We need safeguards on climate—the biggest challenge facing this planet—on deforestation, and on the sustainable production of forest-risk commodities, including palm oil, in UK supply chains.

Gareth Thomas: My hon. Friend is making a very interesting speech. One of the environmental concerns that has been raised with me and others on the Committee by a whole series of green groups is around the use of the investor-state dispute settlement. Thus far, the Minister has ducked answering questions around ISDS. One hopes that in responding to my hon. Friend he might

take the opportunity to explain why Ministers are so supportive of ISDS in this context, given the damage it could potentially do in setting back our climate change aspirations under the Paris agreement, and why they were so determined to try and stop ISDS being included in the bilateral free trade agreement with Canada.

Anna McMorris: My hon. Friend makes some very important points, and I hope the Minister will directly address them.

We need to ensure there are safeguards, and that environmental targets and improvement plans are there to be looked at and addressed. We need those safeguards in the form of impact assessments. We need to make sure that environmental standards are there for the produce that we import within this CPTPP agreement, and that rewards and incentives to encourage destructive practices are not there. We need a level playing field for British farmers, organisations and companies—that are already producing to higher standards, and that are on the path to much more sustainable farming. We need to make sure those practices are not undermined.

I hope the Minister will respond to those points, and that he will vote for this new clause to make sure those standards are upheld and that this trade deal is in line with COP26 and the Government's very own objectives and initiatives.

Mr Dhesi: As we unpack the CPTPP, a nuanced landscape emerges—especially when considering its impact on the Government's procurement, employment and industry sectors. Our amendments aim to safeguard issues raised by the likes of the TUC and the NFU, ensuring a balanced approach to procurement that benefits our local economies and upholds sustainability.

Reflecting on the Government's ambitious projections, compared to the stark realities presented by recent analyses, the anticipated benefits of the CPTPP for the UK might not be as significant as initially claimed. It was initially touted as delivering a substantial boost to our economy, but revised forecasts have tempered those expectations significantly, as I set out at the outset, underscoring the need for a more grounded and critical examination of the agreement. Government procurement is pivotal, as it may alter fundamentally the UK's procurement landscape, possibly exposing local markets to increased international competition.

11.15 am

Clause 3, concerning Government procurement, emerges as a critical point of analysis. It potentially opens the UK's procurement market to increased international competition. Its implications necessitate a procurement system that balances competitive fairness with sustainable growth, ensuring that the benefits of global trade do not marginalise our local suppliers, which are the cornerstone of our communities and local economies. Highlighting the significance of local suppliers and stringent labour standards is not merely a pledge to equitable trade practices, but a necessary commitment to safeguarding our communities and enterprises.

Local businesses are pivotal to the UK's economic vitality, contributing not just through employment but by driving innovation and community development. The Trades Union Congress has raised concerns about the potential erosion of local jobs and businesses,

emphasising the importance of maintaining high labour standards and protecting workers' rights in the new competitive environment. The National Farmers Union has highlighted the risk to British agriculture, pointing out the need for policies that support local food production and sustainability. Those perspectives highlight the necessity of a balanced procurement system that promotes fair competition and sustains local economies. As we navigate the complexities introduced by the CPTPP, it is evident that a principled approach to Government procurement that values the contributions of local suppliers and adheres to high labour standards is essential in fostering a fair and sustainable economic future.

Gareth Thomas: Does my hon. Friend remember that once upon a time, one of the Prime Ministers not so long ago—I think his name was Boris Johnson—backed the idea that we should buy British? However, we have not heard anything recently about that concept. Certainly, the approach in the CPTPP—the lack of an enforceable labour standards provision, for example—suggests that Ministers have given up on the noble ambition of encouraging state bodies to buy British.

Mr Dhesi: My hon. Friend makes the point more eloquently than I would have done. It is pertinent to note the contributions of previous Conservative Prime Ministers that have not materialised. That is why the CPTPP must serve as a catalyst for positive economic contribution, reflecting a steadfast commitment to the values of fairness and sustainability.

The potential of the agreement to reshape the competitive landscape, particularly highlighted earlier by the implications of clause 2 for conformity assessment bodies, warrants meticulous scrutiny. The demand for detailed impact assessments on employment and industry underscores our deep comprehension of the stakes involved. Our policies must safeguard critical sectors, such as automotive manufacturing, and maintain job security and fair labour practices to foster a resilient economy ready for future challenges.

The automotive sector, which is a cornerstone of British manufacturing, faces potential challenges from the increased market access and competition brought about by the CPTPP. The Society of Motor Manufacturers and Traders has highlighted the significant contribution of the automotive industry to the UK economy, emphasising the need for trade agreements to support the growth and stability of the sector. Ensuring that the CPTPP does not disadvantage the sector is paramount in preserving the livelihoods that it supports.

Gareth Thomas: My hon. Friend is surely right to raise the concerns of the automotive sector. In particular, Ministers have failed to protect it from the loss of EU cumulation rights and rules of origin in access to Canada from 1 April. That potentially puts at risk some of the £750 million market for British cars, such has been the failure of the Secretary of State and the Minister present.

Mr Dhesi: My hon. Friend makes an excellent point. The British people were promised bright sunlit uplands. We were promised lots of things but, whether it is the automotive industries, our fishermen or our farmers, there are complaints galore because people feel heavily

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let down by this Government's performance. That is why the emphasis on fair labour practices within the context of CPTPP is crucial. The UK's commitment to upholding high labour standards should not be compromised by international trade agreements.

Labour rights and protections are fundamental to ensuring that the economic benefits of trade are equitably distributed, and that workers are not left vulnerable to the pressures of global competition, which is in line with Labour's new deal for working people. We advocate for a trade environment that prioritises the protection and enhancement of workers' rights across all sectors. That initiative aims to ensure that the prosperity derived from international trade agreements, like the CPTPP, directly contributes to improving the working conditions, pay and security of British workers, embodying the principle that fair trade must also mean fair work. In essence, as we navigate the implications of the CPTPP for employment and industry, a balanced approach that protects British jobs and industries, while embracing the opportunities of global trade, is essential.

Anna McMorris: My hon. Friend is making excellent points. Does he agree that this trade agreement is essential in transitioning to a green economy and in working with partner countries to make that transition in the automotive sector, for example? In order to do that in the right way, we need to ensure that those environmental safeguards are put in place, otherwise we risk the destruction of our automotive workforce in this country.

Mr Dhesi: My hon. Friend makes that point powerfully, and it is essential that those considerations are put forward by the Minister in his response. Those issues around procurement and the impact on our British

industries are extremely important. The broad reach of the CPTPP, encompassing countries with diverse labour practices, demands a firm commitment to enforceable labour protections. We cannot leave the door open for a race to the bottom in labour rights. The absence of a dedicated clause on labour rights is a glaring omission, reflecting the Conservatives' faltering commitment to protecting labour rights in international treaties and highlighting the urgent need for the CPTPP to embody our shared values of fairness and ethical trade practices.

Matt Rodda: I congratulate my hon. Friend on an excellent speech in which he is highlighting a number of weaknesses in the Government's approach. Does he agree that his points are particularly relevant, given that we have just entered a recession, and that many working people and small businesses are under increasing pressure from not just the cost of living crisis but wider economic pressure as the economy contracts? I have a number of small businesses and working people in my constituency who have raised deep concerns with me recently. Does my hon. Friend agree that the Government need to be doing more at this critical time?

Mr Dhesi: I thank my hon. Friend for that excellent intervention. The Opposition are extremely concerned, whether it is about our economy going into recession, or the cost of living crisis or the various other forms of malaise that affect our society. We do not want any arrangement with the CPTPP, particularly regarding procurement, that impacts more negatively than what is already going on.

11.25 pm

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

Adjourned till this day at Two o'clock.

