

International Trade Committee

Oral evidence: [UK trade negotiations: Agreement with New Zealand](#), HC 78

Wednesday 6 July 2022

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Paul Girvan; Sir Mark Hendrick; Tony Lloyd; Lloyd Russell-Moyle; Mick Whitley; Mike Wood.

Questions 139 - 202

Witnesses

[II](#): Rt Hon Anne-Marie Trevelyan MP, Secretary of State for International Trade, Department for International Trade; Crawford Falconer, Second Permanent Secretary and Chief Trade Negotiation Adviser, Department for International Trade.

Examination of Witnesses

Witnesses: Anne-Marie Trevelyan and Crawford Falconer.

Chair: Welcome to the second part of this morning's session of the New Zealand trade inquiry. We have the good fortune of having the Secretary of State for International Trade here. Good to see you, Secretary of State. We had been concerned last night, with the resignation flurry, that you might be one of the casualties, but fortunately I saw a tweet last night by Graham Lanktree and my mind was put to rest. It said, "I'm told Trade Secretary Anne-Marie Trevelyan 'absolutely' won't resign and has an important trade committee evidence session to get to tomorrow." We feel very honoured. Perhaps we have perhaps prevented another resignation in the Boris Johnson Government.

Anne-Marie Trevelyan: You can take the credit.

Q139 **Chair:** Committee, we can take the credit. I will just ask you to introduce yourself as briefly as you want, and your colleague as well.

Anne-Marie Trevelyan: Thank you very much indeed. Committee, it is lovely to see you. Apologies for the inability to get here last week. There were issues beyond my control, as you all became aware.

Chair: A week is a long time in politics. It was very important to come to the International Trade Committee session and not resign. If you are resigning afterwards, please do it after the afternoon session.

Anne-Marie Trevelyan: Noted; I have no plans. I have with me today my Second Permanent Secretary and our deep expert on all our trade negotiations today, Crawford Falconer, who will perhaps tell you a little more about what he does for us.

Crawford Falconer: I just follow orders from my Secretary of State on trade negotiations and trade policy.

Q140 **Chair:** I cannot help but ask, since you put the point like that, if the Secretary of State was to follow the former Chancellor and the former Health Secretary, would you be following them?

Anne-Marie Trevelyan: Where to, Angus?

Chair: It would not trigger resignations within DIT. Fair enough.

Anne-Marie Trevelyan: His deep knowledge of all things trade is invaluable to the Department.

Q141 **Chair:** Thank you very much. Secretary of State, this is an important question for those who will be following this UK-New Zealand trade inquiry: when do you plan to publish the section 42 report, and when do you plan to trigger CRaG? These are dates that Parliament needs to know.



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Anne-Marie Trevelyan: The TAC report was published last week. I have slightly lost track of time, but I think it was last week. The team are now working on the section 42 report as we speak, wanting to finalise it.

Q142 **Chair:** When will the section 42 be done, completed and published?

Anne-Marie Trevelyan: I hope within the next few weeks.

Q143 **Chair:** Is the next few weeks: two weeks, four weeks or six weeks?

Anne-Marie Trevelyan: I cannot give you that yet. I certainly hope within four weeks.

Q144 **Chair:** How soon after that would the CRaG be triggered?

Anne-Marie Trevelyan: We will obviously lay the section 42 report first in the appropriate order. Realistically the CRaG will be into the autumn term.

Q145 **Chair:** You will not have CRaG laid before the summer recess. It will be in the autumn term.

Anne-Marie Trevelyan: It is unlikely.

Q146 **Chair:** These are relatively simple questions but you can see the difficulty we have as a Committee trying to work around DIT, which cannot give us a straight answer on this one.

Anne-Marie Trevelyan: You know that it is not a lack of a straight answer. I want my officials to do a really good job and get the section 42 report right and for it to be thorough and to have everything that I consider right in it. That is obviously the next anchor that we follow through after the TAC report.

Q147 **Chair:** I will try to be helpful. What is the earliest date that you would publish the CRaG report? In other words, you would have it published by a certain date. When would that be? It helps the Committee, the staff and us all to interact with you and to do the scrutiny.

Anne-Marie Trevelyan: I simply cannot give you a precise date. All I can tell you is I am acutely conscious of your importance; I find your commitment to supporting us and providing the parliamentary oversight of the work that we are doing genuinely incredibly important, but I have a programme that is set out, which I can follow, and I need to do it piece by piece, so I am sure that at each stage we are doing all the right things. This is only our second FTA from scratch, Australia being the first, and I want to make sure that New Zealand has a similar robustness to the process.

As we do this, we develop the ways of working and making sure that we provide all that we can in terms of transparency and accountability. Whitehall is new to this. I want to make sure that we do it correctly. As soon as we have clarity on a date, which will become clear once I have clarity on the section 42 report publication, I will keep you posted.



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Q148 Chair: We hear what you said about it being really important, and we took the DIT at its word on this the last time. I do not want to tread too much over the debacle there was around this with the Australia agreement, but CRaG was triggered before you came here. The assurances that we and the Speaker were given were not really followed through. You are here again with good words and good intentions, but nothing concrete or specific.

The minimum we look for is 15 days between your section 42 report and before you trigger CRaG. You get all this; presumably you got all this last time, but the Department or the Government went ahead and triggered CRaG when scrutiny was not done. You say it is important that it is scrutinised, but the actions really do not bear that out, Secretary of State. I have to be blunt about that.

Anne-Marie Trevelyan: We have had this conversation a number of times. The scrutiny available to you, and indeed to those externally who wish to look, becomes available as soon as the text is published. In the case of Australia, that has been out for more than six months. New Zealand's has been out since March. There is plenty of time in there to scrutinise the documentation. The TAC report out last week provides a particular aspect of scrutiny. I am pleased with it. Our section 42 report will give our perspective as well.

There is as much time as we can use—again, apologies for last week. It was the due to challenges of parliamentary shifting sands that we all know and work around. I genuinely want to endeavour to give you access to the reports and the information in as timely a manner as I can within the realistic headwinds that we have to contend with in logistics terms.

Q149 Chair: We have a report published now, but you have no part in any responses to issues and they will not be part of the report because of the way DIT have been about this. There is a headlong rush into this as well, because you are racing to do CRaG here in the UK but nothing is going to happen with this agreement until Australia does it as well. Why do you not just delay the CRaG process for a further 21 days? You will be no later than Australia. Scrutiny will be done properly. MPs will have had a chance to read and look into some of this stuff. There is a headlong rush.

It is almost like Neville Chamberlain coming back and shouting, "Peace in our time". We have trade deals in our time, but it is really, "Feel the thickness and forget the width; forget what is in there". You are in a headlong rush into doing this. It is inexplicable, really, given that the thing cannot come into operation until Australia has done its part. Why are you racing on? What is the pressure to race on and to be sitting there twiddling your thumbs waiting, ultimately, for Australia to get round to doing it? Why did you not co-ordinate this a bit better?

Anne-Marie Trevelyan: I know we are going to discuss Australia this afternoon in more detail, but thank you for the report. I was given a copy last night; I was hoping to read it, but, as you will imagine, events got in the way. I will try to have a look at it over lunch. We will reply to your



report in the usual fashion and look at your recommendations and so on, but the key point is that we are working alongside Australia. In fact, I was able to catch up with my new opposite number, Don Farrell, in Geneva at the WTO a couple of weeks ago. I am very pleased to hear that the new Government are very keen to crack on and bring forward what they need to do.

Q150 Lloyd Russell-Moyle: Minister, it is fair to say that relations between us and your Department—I cannot work out whether it is between you and us or your Department and us—have broken down very badly over the last few weeks. It is fair to say that your actions on the timing have not helped this. I am sure you will be able to point to where we have not done things perfectly either, but we need to rebuild trust, because we cannot continue like it is at the moment. I hope that you and your officials are taking heed of that, because their behaviour and your behaviour has not been becoming of this place. It has been really, really damaging to parliamentary scrutiny. Your Department should be ashamed of itself for it and really be looking at that.

However, what I want to ask specifically is whether we can get to a situation where we agree a timetable. You are saying, “I will try to do it around that time”. Why can we not hear you say, “When I do my section 42 report I will give you 30 days to be able to respond to that. I will then make sure that within those 30 days”—sitting days, or whatever timetable you are laying out before you—“I will make sure that you then have another week to write your report. I will then make sure that we respond to your report”?

Your refusal to do that is the problem here, because we are now in a situation on Australia, as you know, where your reply to our report will probably come after CRaG has finished. That is no way to treat Parliament, is it? Secretary of State, why can you not do that? Let us reset the dial between us all. I am sure there is fault on all sides. Let us reset the dial and give us timetables of when you will not do it before. I do not mind if you take a bit longer. No one minds that, but it is about saying, “I will make sure that you have X number of days after the section 42”, because that is the time our scrutiny starts; it is after the section 42 report, not when the trade deal has started. After the section 42 report, how many days will we have?

Anne-Marie Trevelyan: That is a very honest and fair request. Chair, maybe this is an appropriate time to raise this, because you have continually said to me that you feel that there are poor relationships between your Clerks and my parliamentary unit. I have done my best, as has the team, to try to get to the bottom of that, but it clearly feels like that is not working as well as it needs to. What I would like to propose is that we meet outwith a Committee environment, with my parliamentary unit and your Clerks, and perhaps you and me, Chair, so we actually have a proper, easy conversation where we can try to genuinely understand where the issues are.



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Lloyd, to your point, the challenge is not a lack of willingness. The reality is that the framework we have means that we have a number of Government hurdles and cross-Whitehall issues that we always have to resolve before any stage, no doubt like every other Department. The ones I have been in have always been the same. It is never straightforward to have a single departmental view that does not require everyone else's input as well. That is invariably what changes timetables.

It is honestly going to be impossible to provide absolute precision at any point. I can only say that we will continue to provide the best endeavours. I absolutely hear the challenge that you set us. I would really like to get our teams together privately to have those conversations so that we can try to understand better where those gaps are.

Chair: I am worried about the time. If we are going to do that and time commitments come out of it then they have to be honoured, because we have had a series of promises before that were not honoured. These were given to the Speaker, the House and the Committee. They were not honoured on the last one.

Q151 **Mark Garnier:** I am just wondering if that is your parliamentary team behind you.

Anne-Marie Trevelyan: It is a whole series of marvellous people, some of whom belong to DIT and some of whom do not.

Q152 **Mark Garnier:** I just wanted to come in on this point because, as you know, I chair the Committees on Arms Export Controls, as a result of which we deal with a number of other different Departments, including the Foreign Office. The issue is that your Department is being compared with other Departments, and it comes out with nil points. It is specifically your Department. When I have Clerks on my other Committee, the comparable Department is the Foreign, Commonwealth and Development Office, which, by the nature of it, involves a lot of travelling and a lot of reacting to events. It is your Department that is the problem. It is not Whitehall. It is a DIT problem.

As you know, I worked in that Department as a Minister; I have a huge amount of respect for civil servants and Crawford Falconer, by the way, who is an outstanding individual, but something has gone wrong and we have not resolved this. It is looking very bad for what actually is one of the greatest Departments, as far as I am concerned, in terms of delivering Brexit opportunities.

Anne-Marie Trevelyan: That is why I proposed that we meet offline and see if we can try to get to the bottom of what some of these issues are.

Q153 **Chair:** I have one final data question. I asked when the section 42 report would be triggered. We do not know. We do not know when CRaG will be triggered. We do not know if we are going to have time between the section 42 and CRaG. They are three things we do not know. Do we know



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the GDP gain to the New Zealand FTA for the UK?

Anne-Marie Trevelyan: The assessment indicates that the UK economy increases by £800 million.

Q154 **Chair:** What is the percentage of GDP?

Anne-Marie Trevelyan: That will be a small percentage, because New Zealand is a relatively small country compared to us.

Q155 **Chair:** Will it be 0.1% or 0.2%?

Anne-Marie Trevelyan: I do not have that figure in front of me but I can get it back to you in due course. Crawford, do you have it to hand?

Crawford Falconer: It is 0.09%.

Chair: The Australia one is only 0.07%, so it cannot be as high as that.

Crawford Falconer: The GDP of the UK is about £2 trillion, so, working it out in my head, it is about—

Anne-Marie Trevelyan: As you know, Chair, one of the very important lynchpins of doing the Australia and the New Zealand trade deals as our first two—it is not only because they are much like family in many ways, as countries—is because they are critically important parts of the CPTPP. They were keen to be able to advocate and work alongside us as we hope to accede to CPTPP. These are important relationships, both bilaterally and, of course, in that plurilateral environment.

Q156 **Chair:** There is no updated GDP percentage that has been given, but the earliest percentage the Department published in the beginning was a gain of 0.1% of GDP, or a potential 0.1% of GDP loss. If it is a 0.1% of GDP gain, that means that when we compare this with the damage of Brexit, which is about 5% of GDP, you are going to need about 500 New Zealand trade agreements to make up the damage. There are about 200 other countries in the world, so it will be interesting to see quite how that happens.

Q157 **Mick Whitley:** The FTA includes several innovative chapters and provisions on issues such as consumer protection, indigenous trade, the environment and animal welfare. Do you expect to agree similar chapters and provisions in future negotiations?

Anne-Marie Trevelyan: It is a really broad and very ambitious trade deal, and we were pleased to be able to maintain that. The indigenous peoples chapter is a really interesting one; it was very much a request of the New Zealanders. It is important to them to embed those Māori traditions and the importance they have in their own Government and as part of their cultural development. We were very happy to negotiate a chapter that answered that need of theirs.

Looking across the board, things like consumer protections are some really good, chunky things, not only in terms of the simple things like



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sorting out tariffs, but really thinking about those broader chapters. Working together, this is the first plank in a long-term, much deeper relationship around trade in all those areas. The joint committee will oversee a number of sub-committees, which will then be able to push on on those issues and really work together to grow those sectors.

To the Chair's point, the economic assessment at this point is one based without being able to foresee where those new partnerships can grow. We hope the chapters set a very strong precedent. By definition, every trade deal will be different, because it is a bilateral relationship with country X or Y. For different countries, there will be more or less importance to the indigenous chapter; that was one that was obviously very important to New Zealand but probably not to other countries. For some, there would be more focus on digital and data than there would on investment. That is very much how we are doing this. This is a very fluid and constantly changing challenge. We work with particular countries at particular points in time.

In the India trade discussions, which are ongoing at the moment, it is about working with India to not only embed a relationship now, but to work with them to think about how, as they know their economy is going to grow in the decades ahead, we can make sure that the UK and India are absolutely hand in glove in how we can work together to maximise the economic benefit for both countries. Everyone will be different. Yes, the New Zealand one is a very broad-ranging one that covers many areas that we would hope to see in many other trade deals in the years ahead.

Q158 Mick Whitley: To what extent does this agreement demonstrate the UK's strategic approach to trade negotiations?

Anne-Marie Trevelyan: This is exactly how the strategic thinking works best—it is by having this fluid and adaptable perspective on trade with the country in question. Like everything, you are doing a relationship now but for the long term. We are not doing what I would call old-school trade deals where you embed “no tariffs here” or “access market barrier removed there”. This is a much bigger relationship, using trade as the anchor for the many areas of economic growth that countries want to work on developing with the UK.

In the two that we have done and published so far—three, if you include the digital economy agreement that we have with Singapore, which is an extra one beyond the FTA—we are starting to set out very clearly to the rest of the world what our ambition is in terms of our strategic policy thinking around trade, what our ambition is as a country, and, for countries who want to do deals with us, this is the breadth of thinking and how trade embeds growth and development in many areas of each country's potential. We really want to continue to do that.

Regarding the digital economy agreement, in the last week, I have had half a dozen countries say, “That is just brilliant. Can we do one? Can we do a DEA with you?” setting out that real ambition and understanding—



using the digital frameworks—how that can really help rocket-boost economic growth. It is very much strategic and very personalised as well. That is how we think we can most effectively maximise both the economic growth for the UK and embed the UK's extraordinary skills and expertise across the globe.

Q159 Tony Lloyd: Secretary of State, we heard from the chair of the TAC that the agreement with New Zealand contains very radical and very specific new proposals on environmental management—in other words, on the ability to look at another country's CO₂ contributions. This is a first, as far as I am aware.

Anne-Marie Trevelyan: Absolutely, yes.

Q160 Tony Lloyd: How far does that set a precedent for where you want to negotiate, particularly for CPTPP, but also bilaterally with India or wherever else?

Anne-Marie Trevelyan: CPTPP is a slightly different proposition, in the sense that we have been advised to accede to a trading bloc that has a set of frameworks that you join. We do not get to choose and say, "We fancy doing a bit of this as well". We join their framework.

Q161 Tony Lloyd: We do these bilaterally with each individual country.

Anne-Marie Trevelyan: Separately, bilateral agreements are clearly something we are interested in. In both cases, we have embedded that mutual commitment to the Paris agreement and what that means as global citizens and global nations trying to push forward on tackling the climate change challenge that we all face. Also, in the New Zealand case, we have taken that to a gritty trade level in saying, "We are going to liberalise environmental goods so that we strip away tariffs on those"—very specifically because we want to work together. In both cases, there are many industries where we want to be able to help us both to maximise our own domestic impact on meeting our net zero strategies.

It is very much part of the UK's toolkit, wanting to think about how our trading relationship with country X or Y can help drive forwards that environmental opportunity. We have fantastic UK leadership across our business communities, both in terms of manufacturing and technical services and in the new innovation that is coming through in so many sectors. I want to make sure that those companies are at the forefront of our export markets, not only delivering for us here, but taking what they have created and really helping the rest of the planet to meet their net zero challenge.

It will look different for every country, of course, because they have different needs in terms of how they are meeting their net zero commitments, but also probably a different journey to go on. We will look to find the best way to harness that mutual relationship in the environment space. I have no doubt that it will be different for every country.



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Q162 **Mark Garnier:** Anne-Marie, you and I never crossed over in Government, but under Theresa May's Administration, there was a very conscious effort to try to make sure that we engaged with Scotland and the other devolved regions. The Scottish Government have noted that there has been lamentable engagement by DIT in terms of talking to the devolved Administrations to see what their opinions are on these changes and what they need to help. Have we abandoned this process of engaging the devolved Administrations specifically, or are my good friend's colleagues up north playing separatist politics?

Anne-Marie Trevelyan: I am not going to get involved with neighbourly relations over there. That sounds like a very dangerous thing to do.

Mark Garnier: I am sure you would agree that the last thing we want to lose is our SNP colleagues, who provide very useful scrutiny in this.

Chair: Maybe she has a different view this morning.

Anne-Marie Trevelyan: The Chair of this Committee is extremely robust in his scrutiny, and that is a very good thing. Just to embed a couple of important things, I do not recognise what you say at all, if I am honest, in terms of the engagement. There is a huge amount of engagement.

Mark Garnier: It was not what I said; it was what the Scottish Government said.

Anne-Marie Trevelyan: Indeed; I hear you. We have two lines here and they sometimes risk overlapping. International trade negotiations are a reserved policy area. This is a UK lead, and that is really important to remember. Sometimes that is forgotten. What we do have is a really robust and multi-layered set of tools, both from business engagement through to official engagement and political engagement.

Our chief negotiator for New Zealand spoke with the DAs on a weekly basis when the negotiations were in an active state, just to update them on how things were progressing. There was genuinely a good and regular dialogue. We have shared draft text when the moments were appropriate to get feedback. There were regular policy forums all the way through, and of course these are actually quite long processes from those early consultations with business right through to when you are into the nitty gritty of the FTA.

Q163 **Mark Garnier:** This is very important, because it is very useful stuff. Are you saying that there has been no difference in the level of engagement between England, or more local businesses and councils and all the rest of it, and what you have done in Scotland? You have treated the whole of the UK identically.

Anne-Marie Trevelyan: Scotland, Wales and Northern Ireland have special treatment. There are extra levels of engagement with the DAs, because support for businesses and some of those tools are going to be delivered at a Scottish Government and Welsh Government level. As the



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negotiations have been ongoing, there has been really consistent and regular information. Crawford, do you want to say anything? I know you have been involved with some of it.

Crawford Falconer: We have a six-weekly senior officials' meeting with the devolved Administrations. It goes by the unfortunate acronym of SOG, but that is a formal structure. We have a ministerial meeting quarterly with the devolved Administrations. As the Secretary of State says, that is the formal level, at the senior official and ministerial level. During the negotiations, there is ongoing consultation with senior officials and working-level officials about what is going on in the actual negotiations. Indeed, my lead negotiator on New Zealand, for instance—he is a sober and fairly humourless person, so he is not making this up—said he actually spent more time with the devolved Administrations than he did with the New Zealand team during the last six to eight weeks of the negotiation.

There are still things we need to do. We are working on some things we can do there in terms of the detail of information we can share with the devolveds, but we have moved a very long way. Our understanding is that the Scottish Government are content with the part of the agreement around the area of devolved responsibility on Government procurement, for instance. It is a small issue in itself, but it is the most significant one, legally, in the sense that that is where there is competence at the level of Scotland and the officials have been quite satisfied with that, I believe, at the political level. That is just an example.

Q164 **Mark Garnier:** That sounds very reassuring, but civil society across the whole of the UK has also said that the engagement by DIT has been less than ideal. I absolutely take you at your word that, because of the delivery with the devolved Administrations, you have to necessarily engage with them more. But with wider civil society, are you confident that your processes of engaging are sufficiently robust so that everybody feels they have, first of all, had a hearing and, secondly, been listened to?

Anne-Marie Trevelyan: That is a fair challenge and I will take it away. When we do the initial consultations for any FTA, it is very much an open door. All sorts of different voices from big business to SMEs, civil society groups and NGOs with concerns or specific interests all feed in. That is really from where we can start to build what we feel the right mandate to be asking Whitehall for looks like. That very much feeds in from all parts, but it is a fair challenge. I know that Minister Mordaunt does a lot and has a personal interest in civil society, so she is very forward-leaning in that. It is a fair question.

In terms of the formal frameworks we have as we go through, because they become market-sensitive negotiations once we are into the formalities, it would not be appropriate to engage with them in any detail at that point. Obviously, the DAs do so under strict cover, so there is an



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interesting question about how we do that. Crawford, is there something that we are not doing that we should?

Crawford Falconer: We always should do more and try to do more. There is nothing wrong with people saying they are not being consulted enough. It is actually a good sign that that is the case, because that shows the degree of interest. Just to come back to some of it and to give you a bit more sense of perspective, we have the STAG advisory group, the TAG advisory groups and quarterly-type consultations with groups that are specifically aimed at the trade advisory and civil society groups. They have been quite regular, and obviously it would be nice if we had more time to do more.

Maybe we will find ways to do that, but it has certainly not been the case that we have been hiding under a rock when it comes to dealing with civil society on these things. I am sure there are some things in the agreement they do not like. That is normal, so they are not happy about that. That is quite normal as well.

Q165 **Chair:** I will pick up the next bit around agrifood and imports, but just on the point about the devolved Governments, do you think the Scottish Government, the Welsh Government and the Northern Irish Government would have signed this trade agreement—I am particularly thinking about Northern Ireland—when there is a real risk of a GDP minus from this trade agreement, from both Australia and New Zealand?

Anne-Marie Trevelyan: As I repeat until everyone is bored of hearing me, the FTA is the starting point. We can only do an impact assessment on the basis of the information we have. In terms of the cumulative impact of more FTAs, more of them will help British businesses to think about how they export in ways that they do not even consider at the moment. It is my considered view—I share this and people do not tend to disagree with me—that this is the starting gun for that.

In New Zealand, Wrightbus would be a classic, where, through that new technology development, it has the opportunity for really exciting new markets. I have no doubt that it will probably grow more than it can assess at the moment. As ever, the impact assessment can only be at the point at which we can scan the horizon as it stands.

Q166 **Chair:** You did not say that you definitely thought that Wales, Scotland and Northern Ireland would have signed this trade agreement. That is fine. There is one coming out at the moment with New Zealand and the European Union, which is going to be fascinating, because we will be looking at those side by side and seeing what the differences are. I am sure you will be just as interested, Secretary of State.

We have heard evidence that this agreement could open the UK market to a significant number of cheaper imports in the future, with few reciprocal benefits for agrifood producers in the UK. There has been a food security issue, and I do not think food security has been part of the



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negotiations at all. Which trade deals are you negotiating, or planning to negotiate in the near future, that will give better exporting opportunities for UK agrifood producers? Given that these two agreements have been very liberalising and it has been part of the “trade deals in our time” philosophy, the only discernible trade strategy that we can find from DIT is part of getting into CPTPP.

Obviously we know from the complaints from agriculture in the UK about these deals that there is concern. What are you going to compensate them from? Where are the trade deals to help the UK agri-producers going to be? With which countries will they be?

Anne-Marie Trevelyan: As we look to grow our free trade agreements around the world, we have given a very clear focus to the Indo-Pacific, because we know that is where there are rapidly growing middle-class consumer markets that will want to buy British goods, agrifood and other. Of those in particular, obviously CPTPP will probably be the first.

Q167 **Chair:** Which countries in particular do you think are going to be importing more UK agrifood products?

Anne-Marie Trevelyan: I would hope all of them. The CPTPP framework affords the opportunity.

Q168 **Chair:** Not all of them are. New Zealand and Australia are not. We are pretty sure that they are not going to be importing UK beef and UK lamb. That is two of them out. Of the rest of them, which are going to be the importers?

Anne-Marie Trevelyan: We are not only talking about beef and lamb.

Chair: You said all of them, so I was wondering.

Anne-Marie Trevelyan: We are not only talking about beef and lamb. The agrifood markets are enormous, and stripping away the tariffs and liberalisation that we have done with Australia and New Zealand will afford lots of opportunities for British businesses across the whole sector, from Scotch whisky right through to all sorts of—

Q169 **Chair:** With the greatest respect, I have the opportunity to go and compete to try to get in the Olympics, but with the best will in the world, I am not running the 100 metres any time soon at the next Olympics, it might stagger you to know. You have the opportunity to do things, but where do you think the UK market will be growing for agrifoods within that CPTPP area, or any area?

Anne-Marie Trevelyan: We will see growth in all the CPTPP countries. They vary in their levels but their growth patterns are very high. I genuinely think all of them will be new market opportunities. The Secretary of State for the Environment is really excited about CPTPP because he can see the huge market opportunities there. One of the challenges we will have is to help our UK businesses to build those export markets. If you look at the release of the lamb ban in the USA, for



instance, now the opportunity has been released and that very substantial potential market is opening up, we have to help build those distributor networks. That is work that DEFRA is both thinking about and working on with agriculture producers now, to look at how we can help them to reach these new markets.

Q170 Chair: I think you are referring to the small ruminant rule that the Americans promised to end a number of years ago and keep dangling in front of the UK every so often.

There is a second point I want to make. Witnesses to this inquiry have suggested that New Zealand exports of high-value cuts of beef could mean that UK farm businesses will struggle to remain viable. Does this concern you? If it does, what can you do that will be of welcome news to the ears of UK beef farmers?

Anne-Marie Trevelyan: As you will be aware, we have a very strong set of safeguards in place with the TRQs and the 15-year ladder to liberalisation, because we are very conscious, as is every country, when you do an FTA, of having those areas where you need levels of protection as they develop their new markets and learn how to meet the new import/export balance of activity. We have built that in so that we are very confident that our farmers have that level of pressure. There cannot be any dramatic surge in numbers.

If you look at the overall numbers, they are very small compared to what they are exporting to Asian markets already. We are not expecting to see a sudden surge. The vast proportion of the beef that we import at the moment is from the EU, and 98% of that is from Ireland. Import markets may shift their sourcing. That is always possible, but we are very confident, as are those who sell and market British beef. Eighty-one per cent. of beef purchases are British beef, because we like to eat our own beef, and I am therefore confident that we will continue to make some of the best beef in the world—I would say the best beef in the world, as would you, I am sure—and that will continue to be what is mostly bought by the British consumer. But the imports that come in may change in their mix; indeed, the opportunity for the consumer to have a choice is one that we all agree is always a good thing.

Chair: I need not comment on the answer. I am sure the beef farmers themselves will know whether they are comforted or not by what you have said.

Q171 Tony Lloyd: Secretary of State, both the UK and New Zealand now have trade agreements with the EU. Chapter 3 of the UK-New Zealand FTA mentions the possibility of a cumulation of origin process. What will you do to make sure that comes about?

Anne-Marie Trevelyan: I might let Crawford answer, because we had a long discussion about this yesterday, and he explained it so well that he ought to explain it to you as well.



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Crawford Falconer: Cumulation of origin with the EU was something that we did with the transitional agreements because it was not possible with our partners to reach agreement on a UK-specific rule of origin in the time available. The short version was, “We will just cumulate”. The normal process in international trade negotiations is that the country you negotiate with has a rule of origin. Nobody negotiates with other countries, which is what you would do if you were cumulating. You negotiate with the country you are negotiating with.

With these two agreements we have entered the normal world. I do not know whether “the normal world of trade negotiations” is an oxymoron, but the normal world of trade negotiations is that essentially you have a country-specific rule of origin. They do not generally cumulate, because it is politics rather than economics, and you are negotiating with a particular country. When we negotiated with Australia and New Zealand we are back into reality, and we negotiated a rule of origin that is appropriate for us. We were not negotiating on behalf of the EU.

As I understand it, the EU has not been negotiating on behalf of us when it has been negotiating with them. Cumulation is generally a nice idea in the abstract—not just with the EU, if you are able to do that more generally—but the reality is that, in negotiations, you have a bilateral negotiation and you get satisfaction that way. That is what we have done.

Q172 **Tony Lloyd:** In that sense, are you ruling out any early moves on a cumulation zone where New Zealand, the UK and the EU are all part of the same process? Is that not a practicality at this stage?

Crawford Falconer: It is not a practicality at this stage for lots of reasons, because we have just negotiated this agreement and it will need to get bedded in. Secondly, the EU has refused. Let us be clear about this: the EU refuses to cumulate, so that ends the matter. Now, were that to change sometime in the future, hypothetically, who knows? But it is not something that is realistically active at the moment.

Q173 **Tony Lloyd:** Is it desirable?

Anne-Marie Trevelyan: We want to embed our new bilateral relationship and get on with doing that. As ever, these tools are there to support British business to grow their export markets. This is about growing their export markets with New Zealand. We will look forward to looking at the detail of the New Zealand deal, and, as ever, we will discuss it. We have a really good relationship with the New Zealanders anyway, but at the moment, we want to really embed and grow that very strong bilateral relationship, which is what we have been given a very strong direction by business that they want to do, and obviously CPTPP is part of the next stage.

Chair: Just for Members’ information, the game of 10 green bottles continues at Downing Street; the City Minister, John Glen, has now resigned.



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Mark Garnier: City Minister is rather a good job, actually.

Anne-Marie Trevelyan: Are we pitching? Is that how it works?

Mark Garnier: Maybe not just now.

Q174 **Mark Garnier:** Sorry, back to the serious job in hand. Again, in terms of trying to implement the agreement and make it work, the Federation of Small Businesses has recommended that DIT works with it to ensure that SMEs have all the information and support that they need to be able to make the most of this agreement. SMEs have relatively limited resources. What is DIT going to do to make sure that they have all the resources they can get? On this, it goes beyond simply websites. How do you deliver trade advice at a practical level to places like Kidderminster, Worcester or Berwick? That is your patch.

Anne-Marie Trevelyan: It is indeed; well remembered. That is done in a number of ways. This is a really important question, because making use of these is what we want them to do. As part of the export strategy, which we launched in November last year, one of the tools is the export support service—initially focused on EU trading as we transitioned through 1 January to support businesses where there were issues. It was very successful. All businesses that used it said they would recommend it to a friend, for lack of a better description. We have continued to develop this. It has also been used to support businesses that had Ukrainian and Russian-facing trading activity as well. We have developed a good relationship, and of course we have trade advisers across the UK.

Q175 **Mark Garnier:** Are they still being run through the chambers of commerce network?

Anne-Marie Trevelyan: No, as of last Friday we have brought them in-house. We will be able to have a really coherent and good reach. One of the focuses is how we make sure that we have those links. Obviously the FSB, the chambers, the CBI and all those business groups are incredibly forward-facing with us. We have a very good and regular dialogue with them, making sure that we make clear what the opportunities are, and also help to unlock or understand looking for distributors. We see that with businesses that come to us that are interested in exporting too. We do that all the time now for any number of countries—countries where we have FTAs or where we do not. We have great trade teams in country who can help those businesses to find new pathways to export markets.

When this agreement and Australia come into force, there will be an opportunity to give that a boost, to highlight that these are new, more exciting, more liberalised markets that they might want to look at. Of course, there are many who export now, and we want to make sure that we give them what they need to grow as well. It will be ongoing to what we do already, but we will give it a bit of a bright spark when it lands. I have no doubt that the Minister for Exports will be on a plane, taking



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businesses out there to help really showcase and provide those new export opportunities.

Q176 **Mark Garnier:** There are things like the trade show access programme and all that kind of stuff in terms of doing that. That budget has been cut, I believe.

Anne-Marie Trevelyan: As part of the export strategy, we have brought in a dozen different planks. The trade missions programme has changed. Mike has tried to really cohere all the tools so that we can be as effective as we can in providing the right support to the right people. Historically, there has been a sense that it was not an effective use of taxpayers' money to make sure that the right businesses that were seeking the opportunities could access that. Mike has been very focused on making that really impactful for the businesses that can get the value.

Q177 **Mark Garnier:** I probably ought to declare an interest in this as a Prime Minister's trade envoy, so I have obviously worked with the Minister.

Anne-Marie Trevelyan: He is a great champion.

Lloyd Russell-Moyle: Are you still the Prime Minister's trade envoy?

Mark Garnier: Don't you start.

Chair: There is a resignation possibility here, is there?

Mark Garnier: No. I can categorically put that as a no. Definitely not.

Q178 **Lloyd Russell-Moyle:** What resources will the Government commit to ensuring the regulatory co-operation activities outlined in some of the chapters have a meaningful impact in boosting trade between the UK and New Zealand?

Anne-Marie Trevelyan: Regulatory co-operation is really important. It is about some of those key anchors, making sure that we adhere to that good regulatory practice, which we know is what helps to increase trade. It brings confidence. It is all about removing those non-tariff barriers, those other links in the chain that you need to understand and make us as smooth as possible. There is an interesting statistic that tells the story quite well. Non-tariff barriers are costing businesses two or three times more than tariffs themselves do.

Q179 **Lloyd Russell-Moyle:** What resources are we putting in to make sure those regulatory barriers and regulatory co-operation are enhanced?

Anne-Marie Trevelyan: The GRP chapter in the FTA is all about setting that out and giving the anchor that says that both countries are committed to making sure that those are followed. Adherence will ensure that, with our mutual regulatory co-operation, we can think about how we can strengthen that trust and the practical issues, when we come across them through the joint committee and the sub-committees. Through the ongoing discussions, we will be able to make sure that, if



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there are issues, we can unlock them. When the businesses are working with our trade advisers and our in-country advisers with those teams, they can very quickly say, "There is a problem here. I have been trying to do X or Y", and that is when we get the chance to unlock it, because we have both committed to that good regulatory practice.

Q180 Lloyd Russell-Moyle: Is the Department putting more resources into making sure that there are regulatory processes, or are you just business as usual?

Anne-Marie Trevelyan: This is a trade deal with a very like-minded country with a very similar regulatory framework. We are working in a relatively straightforward environment in that sense.

Q181 Lloyd Russell-Moyle: Are you putting more resources into regulatory co-operation?

Anne-Marie Trevelyan: We have the resource there already. These are our trade advisers and the teams in country who will help and support where there are those issues. We will be able to continue to do so. At the moment, the New Zealand relationship is in the new FTA space, but once it is embedded and in force, it will be business as usual. The teams that we have will be there to support and ensure that the GRP is followed.

Q182 Lloyd Russell-Moyle: We might not see any change there. The consumer group Which? has told us that there should be a consumer representative on the advisory groups, which would help monitor the progress of the environment chapter. Is this something that you would consider?

Anne-Marie Trevelyan: I will ask Crawford to provide an update on where we are. As I said earlier, we are always looking to think about how we could do things better. Crawford, you will know better than me on a day-to-day basis.

Crawford Falconer: We are consulting the consumer groups and they have access to our advisory group, but there is undoubtedly more that can be done. When it comes to issues of implementation of both this agreement and the Australian one—I will come back to it in the afternoon—we will have access to the private sector. In the consumer chapter, when there is consumer dialogue, of course we will develop specific and tailored consultations with those who are concerned on those areas.

Q183 Lloyd Russell-Moyle: That will not include Which? in the advisory group.

Crawford Falconer: I do not believe that Which? are on the advisory group, no.

Q184 Lloyd Russell-Moyle: They are the consumer union for Britain.



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Anne-Marie Trevelyan: We can come back to you on who is, if that is helpful.

Q185 **Lloyd Russell-Moyle:** Secretary of State, I asked you last time why there were more businesses and very few union and NGO representatives on some of these advisory groups, when even the International Chamber of Commerce itself had said that they would prefer greater union and civil society representation. In most other western countries, the split is a third, a third and a third. You have decided not to go through the standard process of having a third, a third and a third, depriving consumers and British citizens of their voice in these groups. Has there been any change of thinking on that?

Anne-Marie Trevelyan: I do not believe we are depriving them of a voice. We have many ways to engage, but through those specialist groups we have a very strong mix of voices of differently sized businesses, NGOs and that broader mix of civil society voices. We continue to work with them. I was talking to some of them just the other day; some are keen to work more closely in more depth in certain areas, because that is where they want to bring their expertise. This is not a completely fixed-in-stone system. We will always continue to look at who comes on. People come on and come off because they are there with their particular sectoral expertise.

Q186 **Lloyd Russell-Moyle:** I am not asking just for coffees and chats, although that is nice and I am sure everyone appreciates it. I am looking for structural involvement. You said that you are not going to put any more money into structural involvement; therefore, the structures that we have at the moment are fixed in place, because you said there are no other resources to do anything differently. Within that, would you go away and look to see why Which?, the consumer union—the only real representative of consumers in this country—is not involved in some of those groups?

Anne-Marie Trevelyan: I will happily come back to you on that one.

Chair: Another green bottle—the Prisons Minister Victoria Atkins has now escaped the Government as well.

Lloyd Russell-Moyle: Escape from Alcatraz.

Q187 **Chair:** Escape from the Home Office and escape from the Government. Moving to digital trade, data and source code provisions, last week the EU announced that its newly significant FTA with New Zealand included ambitious articles on the protection of source code. Conversely, source code provisions were not included in the UK's FTA with New Zealand, although they were in the FTA with Australia. Why were the source code provisions not specifically included in this New Zealand-UK FTA, but seem to be around and included elsewhere?

Crawford Falconer: I do not know exactly what the EU has concluded in any detail on that. Certainly from our point of view, the New Zealanders



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were resistant on source code provisions. We evaluated the situation and considered that there is no risk of anything occurring on the source code front from the New Zealanders that would get in the way of us doing business with them in practical terms.

We made a judgment. They were digging their toes in over it and we had other fish to fry, other things that we wished to defend and other things that we wished to pursue. Given that there was no real risk that they would change their behaviour, we were not going to pay for something like that because we did not think it was worth it. If the EU has agreed that, it made a different judgment.

Q188 **Chair:** New Zealand resisted because you thought you had bigger fish to fry, but it looks like the heft of the European Union has managed to get New Zealand not to resist on this. Is that a bit concerning? On something such as this, it looks as if New Zealand rolled over to the European Union but could stand up to the United Kingdom.

Crawford Falconer: What it reflects is that we made a judgment as to where our best negotiating interests were. This was not one that was a priority, because we judged that, in actual fact, it was never going to be an issue between us, so it was not something we needed to insist on. I would argue, if it is true that the EU has done this, it is an absolute justification of our approach, because once it is embedded in their agreement with the European Union, they cannot not apply it to us. It is embedded for everybody, so we have it for free.

Q189 **Chair:** Has the UK got itself in a difficult situation for future deals, for example with India, because it is not bothered with it? You have just told us that it is not really a big thing for the UK.

Crawford Falconer: What we pursue with India will be a totally different calculation for the reasons that I described. You look at the totality. We are at far too early a stage with India to make a judgment on where we are going to be on that issue in relation to everything else.

Q190 **Mick Whitley:** To what extent have the UK's financial, digital, business and other sectors been limited in providing their services by the absence of significant liberalisation of the movement of workers to New Zealand?

Anne-Marie Trevelyan: The relationship that we have struck on mobility is really exciting. It is the first of its kind that New Zealand has struck, so that business flows will be much greater and they will be able to take family members with them. You will have seen last week—it was not within the FTA; it is a Home Office side arrangement—that a youth mobility arrangement has also been agreed, which will increase the easy flows of our young people up to the age of 35 to come and go for a number of years. For the first time, we and New Zealand have created and set forward liberalisation, making it easier for business mobility in many areas. That is a really exciting development. The two together are really exciting parts of the new relationship we will have with New Zealand.



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Q191 Lloyd Russell-Moyle: The FTAs with New Zealand and Australia included a clause governing environmental and animal welfare standards. How will the UK make sure the other party in each agreement is meeting its obligations?

Anne-Marie Trevelyan: In what sense? They are set out in terms of how we meet them.

Q192 Lloyd Russell-Moyle: Some of the environmental standards are not just about what goods are imported here; they are about what happens in New Zealand. How will we be monitoring what happens in the other parties?

Anne-Marie Trevelyan: As part of the animal welfare chapter we have secured non-regression and non-derogation clauses. It applies to us too. We are both committed to not lowering our animal welfare standards. We have both committed at our own domestic level and, indeed, what New Zealand therefore do in other—they are not going to drop their standards. They have committed that to us and we have committed that to them. That is the base point from which we do that.

In both cases, we are global leaders in animal welfare standards. We generally both have a shared commitment to thinking about how we improve and advance those standards at a domestic level, and also trying to encourage the world to continue to work in that space. We have really strong commitments to work bilaterally with them, obviously, but it does not affect us in that third-country sense, in those international fora. We have embedded ours and we obviously have world-class welfare standards, but the non-regression and non-derogation clauses effectively make us both make that commitment that we are not going to go backwards on where we are now.

Q193 Lloyd Russell-Moyle: Article 22.8.2 of the environment chapter says that parties shall “take steps to eliminate harmful fossil fuel subsidies where they exist”. Is that commitment at odds with provisions in the Government's new energy levy to encourage firms to invest in oil and gas extraction in the UK?

Anne-Marie Trevelyan: Both the UK and New Zealand have made net zero commitments. In the UK, we have been leading the way in doing that, but, as the BEIS Secretary has set out a number of times, there is a transition in order to do that. As we transition to clean energy, be that renewables and nuclear, we know that the gas baseload will be with us for decades to come. It will be decreasing over time, but it will be with us for decades to come. The energy security strategy has just set that out, but we need to make sure that we are thinking both about resilience and security of supply at the same time as making the transition to clean energy, which adds resilience and control of pricing to that.

Q194 Lloyd Russell-Moyle: Is your view that this is not at odds with the agreement or that it is at odds with the agreement but is politically necessary?



Anne-Marie Trevelyan: I do not think it is at odds. We made commitments in a ground-breaking environment chapter with New Zealand, supporting both our leading climate change goals but also coming away from electricity production through unabated coal. They are real commitments that we have both made as part of our domestic net zero journeys that we want to make. We have already set that in stone.

That stepladder down from hydrocarbons as we progress to clean energy is one that we are both committed to. Indeed, the liberalisation of environment, goods and services means that we will be able to work together to really push on with that, so that we can step away from our hydrocarbon reliance as we move towards clean energy sources.

Q195 **Lloyd Russell-Moyle:** Has your Department done an assessment of whether the new energy levy encouragement for new oil and gas investment—I do not just mean meeting our current need, but investing in new long-term oil and gas investments, which is what it does—is compliant with the agreement?

Anne-Marie Trevelyan: That will be a question for BEIS, but I am happy to ask them to pick it up.

Q196 **Lloyd Russell-Moyle:** I was wondering if your Department had done an assessment of whether it was compliant with the agreement. In terms of compliance with agreements, does your Department not do that internal assessment? I am happy for you to say, “Actually, because of this or that clause...”

Anne-Marie Trevelyan: We have set out as joint commitments that we want to lead the way in reducing those. We are not doing anything other than that with the energy security strategy. It continues to say, as we know, that we have to have that transition and maintain our oil and gas supplies as we transition to clean energy over the coming three decades. Supporting the licensing of those fields, which have been there waiting for appropriate licensing, will be managed. That is managed under the climate compatibility checkpoint, which is managed by BEIS.

Q197 **Lloyd Russell-Moyle:** It is a subsidy for oil and gas investment. It might well be a tax subsidy or direct subsidy, depending on how you look at it. In the agreement, there is the ability for each party to protect the environment and to make measures necessary for clean air to also be part of this agreement. I want to know whether there has not just been a BEIS assessment, but a departmental assessment about whether they think that the current actions fulfil the ambition of the agreement.

Anne-Marie Trevelyan: As I say, the bilateral agreement in the environment chapter with New Zealand embeds both countries’ ambitions to move to clean energy and sustainable resources, and those issues like clean air and coming away from the use of unabated coal. They are set out and those are journeys that we will both be going on.

Q198 **Lloyd Russell-Moyle:** It does not help that. It goes in the wrong



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direction.

Anne-Marie Trevelyan: We do not subsidise our oil and gas industry.

Q199 **Lloyd Russell-Moyle:** It is a tax subsidy.

Anne-Marie Trevelyan: We tax them double taxation compared to other businesses, so I would not consider that a tax subsidy.

Q200 **Lloyd Russell-Moyle:** If they invest in new oil and gas fields they get a reduction in their tax, but if they invest in new wind farms, they do not get the same reduction in their tax. That is a tax subsidy for oil and gas, is it not, Minister?

Anne-Marie Trevelyan: I disagree with you. We could perhaps discuss that at length another time. I would be very comfortable in saying that the investment the Government make through contracts for difference—providing the long-term, robust financing to ensure that we can get our business to invest in both the technologies and the skills that we need for our clean renewable energy, and indeed our nuclear energy—is an investment to drive that change we want to make.

We know that in order to maintain security of supply we have to ensure that oil and gas continues to flow while we move to clean energy supplies. That will take a number of decades. That is why our net zero strategy, which has one of the highest commitments—78% decarbonisation by 2035—is world-leading. The New Zealanders want to work with us so that they can meet their targets too. It is going to be a really great partnership.

Lloyd Russell-Moyle: I am not sure you understand the nature of subsidy. It might have well been an answer that tax subsidies are permitted in this agreement but they are not in other agreements, but that is not what you said to me, Minister. You answered that this was not a subsidy. I am not sure you are right on that. You possibly need to go back and look at it, but thank you very much for your answers.

Q201 **Chair:** We have some reasonably good news. The Government have stabilised. It is a good full five to 10 minutes since the last resignation, so we can all breathe a sigh of relief.

Secretary of State, I am just going to go to the last point here this morning, you will be pleased to know. The National Farmers' Union has told us there is a lack of protections for geographical indications. Your predecessor made a big play of this in the Japan agreement. NFU England says it is a missed opportunity and incredibly disappointing. Now that New Zealand has signed an FTA with the EU, apparently with new GI provisions, when will you ensure that UK food producers receive equal protections for their GIs in New Zealand compared with what European food producers are seemingly going to get?

Anne-Marie Trevelyan: The EU-New Zealand trade deal that is appearing is one that makes this a very important topic. New Zealand



does not have a GI scheme at the moment for agricultural products; it does not exist. As part of our agreement, we agreed with them that, should they introduce one, we would come back to this issue. Crawford might want to add how that would work. We will wait and see whether, as part of their New Zealand-EU deal, they have agreed to do that.

If you think about it, the EU has several thousand GIs; the UK has 70. If they have decided to bring the need for a GI scheme in, we would come back to the discussion about how that would feed into the UK—Crawford, I know you are more over the detail on what that would look like in terms of future discussions with New Zealanders.

Crawford Falconer: That pretty well covers it. Again, it is a negotiating judgment that gets made. We could have made it a deal-breaker that we protect the GIs for these 60 products, but the judgment was that that would have been unnecessary. We knew that there was every chance that, when the New Zealanders got around to concluding with the EU, they would introduce such a system. We did not see the need to carry the water for the EU on that compared to the other things that we were seeking in the negotiation.

We made a provision that, should they have another negotiated outcome with somebody else—they were not named; they were very polite in that regard—then they would come back and do the same for us, basically, but if that did not happen within two years, we would come back to the table and redo this.

If it is true—I would think that it is almost certainly true—that they will introduce a comprehensive GI system for the first time, when you think about it, it is a big administrative arrangement to go into for them to do it. They will need to come to us in order to do the same for us. That means that it will be yet another thing that we will come back to and pursue with them now. Again, we got it without paying for it.

Q202 **Chair:** We can be quite grateful to the European Union for using its heft to bring that in now. Not only will the Clonakilty black pudding of Ireland be protected, but the Stornoway black pudding of Scotland will also be protected, thanks to the efforts of the European Union in the New Zealand market. That is really the situation at the moment, is it not?

Crawford Falconer: It may well have been the case that they have managed to give us a windfall gain. Had they not done so, we would have done it anyway. Either way it would have happened.

Chair: We can thank the EU for that particular one. Thank you very much to both of you for your time. We will see each other again in just over an hour's time, we hope—I am hoping for another evidence session in an hour's time, Secretary of State. What happens after that is another matter altogether. We look forward to the next hour's developments with considerable interest. Thank you all.



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