HOUSE OF LORDS

# Select Committee on the European Union

## International Agreements Sub-Committee

## Oral evidence: General FTA provisions

Wednesday 7 October 2020

4 pm

Watch the meeting

Members present: Lord Goldsmith (The Chair); Lord Foster of Bath; Lord Gold; Lord Kerr of Kinlochard; Lord Lansley; Baroness Liddell of Coatdyke; Lord Morris of Aberavon; Lord Oates; Lord Robathan; The Earl of Sandwich; Lord Watts.

Evidence Session No. 1 Virtual Proceeding Questions 1 - 12

### Witnesses

I: Sue Davies MBE, Head of Consumer Protection and Food Policy, Which?; Dr Scott Steedman CBE, Director of Standards, British Standards Institution; Richard Rumbelow, Director of International Affairs and Export Services, Make UK.

# Examination of witnesses

Sue Davies, Dr Scott Steedman and Richard Rumbelow.

Q1 **The Chair:** Good afternoon. This is a session of the International Agreements Sub-Committee of the European Union Committee of the House of Lords. As part of our inquiry into the Government's new and proposed trade agreements, we have a session this afternoon in which we are very pleased to welcome three witnesses: Sue Davies MBE, head of consumer protection and food policy at Which?; Dr Scott Steedman, director of standards at the British Standards Institution; and Richard Rumbelow, director of international affairs and export services at Make UK. You are very welcome. Thank you very much indeed for taking the time to help us this afternoon.

As you know, this session is being broadcast and you have the opportunity to correct the transcript before it is finalised. Members may make a declaration of interest before they ask questions, but the way we operate in this Committee is that each member will likely ask questions. I will try to manage it, but please respond to the questions as they come. We are very keen that you should have every opportunity to say what you want that you think is relevant to our inquiry, so please do not hesitate.

The topic today is standards and regulation, and these, sometimes along with international standards, are often spoken of in the same breath, as if they are synonymous. It would be very helpful if you could give us a quick overview of how they differ and why both are important from the perspective of your organisation and those you work with and for.

***Sue Davies:*** I represent Which?, the independent consumer organisation. Our focus is on making sure that trade deals bring real benefits to consumers and that we build on the existing rights and standards that we have. There are lots of benefits in terms of greater choice and lower prices, but we know from our consumer research that people expect us to build on the UK standards.

When we talk about standards, when you speak to people in consumer research they tend to think of standards as being a requirement. They are something that they think that businesses have to comply with. In reality, it is an incredibly complicated world in which sometimes standards mean regulations, sometimes standards mean private business standards that supplement regulations, and sometimes standards also have a specific meaning, which I am sure Scott will talk about in detail, in the standardisation process.

Food, for example, which we know is one of the areas that people really feel strongly about, is a highly regulated area. When we talk about standards, generally we mean regulation. We have gone through the BSE crisis, horsemeat and various scares, and the controls that we have in place across a very diverse sector are generally regulatory requirements, so they establish a baseline, but there may also be private standards that

food businesses operate to that help to ensure their compliance or potentially to go beyond those baseline standards.

What really matters from the point of view of Which? is that we develop those standards in response to the UK's needs. We need to make sure that when we are reaching trade deals with other countries that may have different approaches—they may have a different balance between regulation and voluntary standards, or the principles that underpin their approach to either of those things might be very different—we are building on those, keeping the protections that consumers expect and taking any opportunities to improve on those.

**The Chair:** You have referred to the UK in that context. One issue that is of importance and interest to us is what one can tell about the degree of international consensus behind any particular standard. Do we detect that from the way it is described, or do we have to look more deeply to know whether this is something that just one country is adopting or whether it is something that is generally accepted across a wider range of nations?

***Sue Davies:*** Again, it really depends on the issue and the standards. There are some areas where there is a lot more international consensus, but there are other areas where there is a diverse range of views and approaches. I mentioned food; if you look at food standards, the priority countries which the Government are seeking to reach trade deals with have very different regulatory systems in place. The outcomes may look the same, but the means by which you actually achieve that can be quite different. It could be about the actual regulatory system, the role of scientific advice, the kind of responsibilities that are taken on by government or independent scientific committees compared with businesses, or some of the principles of traceability or precaution and how those are built into the system.

With the processes and production methods that are allowed that have been particularly sensitive and controversial, you could look at the end result and think, "There is a common agreement here", but the actual means by which that is established can be quite different. It is therefore really important to look in detail at what that means to the level of protection consumers expect.

There is the issue of the requirement and what that is, but there is also the issue of the underpinning compliance and enforcement system to make sure that those standards are actually implemented and that, in the case of cross-border trade, we know that when we are importing products they comply with our own standards.

**The Chair:** This is a very good moment to bring in Dr Steedman to talk about the BSI and how standards operate here.

***Dr Scott Steedman:*** You have asked a very important opening question. We have to distinguish between the role of standards and the role of regulations. Government, and indeed the media, uses the word "standards" to mean a wide range of things. Let me break it down into

four categories. First, there are regulatory requirements, often functional requirements, in the very progressive regulatory framework that we have in the UK that supports innovation. Regulations often refer to performance-based requirements.

You may find a second form of standard that is guidance, where some status is accorded to standards in, for example, the approved documents of the building regulations. Within the building regulations approved documents, you will find citation towards the third category of standards, which is non-legislative British standards, for which we in BSI are responsible. The approved documents of the building regulations actually cite around 480 British standards.

The fourth category, which Sue has mentioned already, is the general private standards category, where industry, or in fact anyone, makes something that they call a standard and then they use it. Sometimes that has patents in it; sometimes it has prescriptive technologies or proprietary standards. These are all forms of private industry standards.

All four of these categories are important in shaping the market framework within a country. The critical thing for us in trade is to ensure that we can enable the maximum trading opportunity between different countries and the UK, which operate different regulatory frameworks to protect their consumers, the environment and to support industry. There are four categories of standards that I have referred to there.

BSI is appointed as the national standards body. We report into BEIS through the Office for Product Safety and Standards, with which we have an excellent relationship. I have primary responsibility to the UK for the system by which British experts—consumers, industry, regulators, and academics—participate in the international standards-making system, in the European regional standards-making system, which is a non-EU system, and in the national standards system which BSI looks after. I am responsible for the bilateral relations with our opposite numbers in every country of the world and for the UK membership of ISO, IEC, CEN, CENELEC and ETSI. I ought to declare an interest in that I am the vice-president of policy of ISO at the moment.

We also then support government to use the national standards collection of British standards as a tool for co-regulation and to deliver regulatory policy. Sue has mentioned that already. It is critical to understand how different markets around the world use standards to support their regulatory delivery.

Finally, I am responsible for the coherence of the national catalogue. We are very proud in the UK of our catalogue of British standards. It numbers around 37,000. Around 85% of those are international and European regional standards. This is not as it was many decades ago. The UK is a world leader in shaping international standards through the voices of our expert stakeholders, not BSI; our role is to provide the system, to be the soft power influence of the policy and to provide the platform for British voices.

When you ask about the definition of international standards, this is really fundamental to the British negotiating position on trade agreements. We stand by the WTO rules-based approach to trade. The WTO is not clearly aligned on the definition of an international standard, but from our perspective it is a standard that guarantees that UK voices have a systematic ability to influence that international standard. That is the system that you will find in ISO and IEC, and to some extent recognised by the WTO in the ITU, although that is the responsibility of DCMS.

International standards for the UK, which are adopted by BSI to become British standards, are standards that have formal governance to them. They are open and available to the public. They have British voices systematically influencing their outcome, and they are available for use by all; they have no intellectual property in them, other than the copyright, and they are transparent and available for use.

The system provides a market framework set by government in regulation, supported by standards—about 10% to 15% of the British standards collection is referenced in some way by government to support regulatory policy—and it is this alignment that we have to look to in negotiating trade agreements with other countries, to understand how they do it and how we can plug and play most easily to the benefit of the UK economy and society.

**The Chair:** That is very comprehensive and clear. Just to make sure we all understand, ISO is the international standards organisation. Tell us what IEC stands for, please.

***Dr Scott Steedman:*** ISO is the international standards organisation, made up of 164 countries. The UK is a group 1 member, so I retain the UK seat and pay the UK subscription, and we have a permanent seat in the governance along with five other countries in ISO.

The IEC is the International Electrotechnical Commission. For historical reasons, these two international bodies run side by side. Interestingly, both were set up in London, the IEC in 1906 and ISO in 1946, after the Second World War, and it started in 1947. The UK also has a permanent seat in the governance of the IEC.

Q2 **Lord Lansley:** Clearly we are we are looking towards next year and beyond that, in circumstances where we are, as you say, entering into trade agreements, hopefully, with the European Union and with the United States, for example, and then others in a pipeline. We have been aligned with the European Union in the regulatory framework and, judging from what you say, in many respects in the standards that we are using. Perhaps we could start with the approaches that we might have to encounter when we are seeking to arrive at a trade agreement with some of the other third-party countries.

***Dr Scott Steedman:*** The critical arc is that they are adopting and using international standards as we are in the UK. This moves immediately towards seamless trade and enabling the voice of the British experts—

consumers and industry—to influence the shape of those standards through their soft power. The complexity here is that most of the world follows the same system of the adoption of international standards, replacing old national standards to avoid barriers to trade. They withdraw the old standards and they replace them with a new international standard that all countries have worked together to reach a consensus on.

The exception to this is the United States, which operates in a very fragmented market and has a very different attitude towards the definition of international standards. It will say that an international standard is any standard that it declares to be international. It may indeed be used in other countries and it may have had international participation in its development, but it is not international in the same way in which I have described the work of the international organisations, ISO and IEC, through formal governance and systematic national representation.

The complexity of aligning trade agreements with the European Union, the CPTPP, Japan, Australia, New Zealand and the US is to avoid any situation where UK regulatory autonomy is undermined by a trade agreement through which foreign Governments or foreign actors may be able to petition the UK Government to demand that their private standards, whatever they call them, could be used as an alternative, alongside or instead of the British standards that the UK market relies upon. That fragmentation in the US market makes it very difficult for the US in particular to offer any reciprocity to the level of market access that we can offer across the whole of the UK and the devolved nations.

**Lord Lansley:** We have heard this about the US market. We might come back to that during the discussion. Sometimes it is argued that in the future the United Kingdom will have to orientate between, on the one hand, the EU, which regards itself as a global standards-setter, and, on the other hand, the United States trying to export its own standards in support of its own export activity. To what extent is that not the case? Can we, to a large extent, rely upon international standards in trade agreements, or are there particular sectors where we are likely to encounter problems?

***Dr Scott Steedman:*** That is a conflation of standards and regulations. The EU does not set standards. The European regional standards that I am describing, which typically have the label "EN" on them, are additional to the international standards from ISO and IEC; they are not conflicting. They add to the catalogue of international standards because there are European regional requirements that the European countries need, perhaps environmental issues or whatever. There is an additive effect. It is not the EU standards versus the rest; there are no EU standards.

Of course, the European Union operates its own regulatory frameworks, for example in medical devices, and the US operates its system, but industry is moving all the time, especially in areas like medical devices,

towards a global system, because it is very expensive and difficult to operate multiple regulatory environments.

The UK is in a very powerful position, because we have a very risk-based, advanced form of market regulation where only sectors that pose a high risk—medical devices being one of them, pharmaceuticals being another—are standards in the technical regulation. In almost all other areas in the UK, the voluntary requirements are in the standards, and the regulatory requirements only pose performance requirements of those products.

**Lord Lansley:** That is really helpful. To fill in how this structure will work, let us take medical devices as a very good example. The British Government are looking at it. The Bill is before us now, so we are looking at it in the weeks ahead. The British Government said that they will continue to use CE marking for some period ahead in relation to medical devices; that period is as yet not entirely specified. How does the CE marking fit into that structure that you have described?

***Dr Scott Steedman:*** Marking is a regulatory matter. Sue referred to this already. This is the area of conformity assessment. This is how manufacturers are either required to have their products tested and approved against a system of standards and regulatory requirements, or they can self-declare for lower-risk products and place the CE mark on their products. The UK conformity assessment mark—the UKCA mark—will be introduced from next year alongside that, in the period during which the CE mark. The marking process is the outcome of a product approval process that is managed by what are currently called notified bodies but will be called approved bodies in future. They draw on standards, but actually they are meeting a regulatory requirement.

**Lord Lansley:** I will now come to Mr Rumbelow, because we need to look at this from the industry point of view. When industry is looking at these potential trade agreements, to what extent does the navigation of the regulatory frameworks and the standards present an opportunity for business or a threat? How do you balance those?

***Richard Rumbelow:*** In terms of that balancing effect, it is very important for business to understand the trading environment that it is heading into. It has been very familiar with a trading environment with the EU for 40-plus years, and we have got to a level and basis of co-operation when it comes to that trading relationship, particularly when it comes to knowing what the standards and technical regulations regime will be.

When it comes to the exporting of product here from the UK, whether it is as a final product or potentially as part of a supply chain—remember that the UK is part of a sophisticated supply chain for manufactured goods, not just within the EU but on a global basis—there has to be a high degree of certainty for the manufacturer that the product that they are exporting to that country meets the necessary requirements. On the basis that it meets the technical specifications required, that it is safe to

use in that country, and, from a competitive point of view, that the UK product remains competitive both domestically and internationally.

Free trade agreements are there to reduce the barriers to trade and to make those commercial opportunities more realistic for firms. FTAs are often there not merely to open up new markets but to improve the market access conditions for firms trying to enter into that market. Technical barriers to trade, for which the approach on standards and technical regulations will often form a significant chapter in a free trade agreement, are very important to overcome. In all the cases where the UK either has an existing relationship or intends to develop one on a unilateral basis from now on, TBT issues will be highly competitive and highly important.

On the question about countries with which the UK is currently negotiating—I will take out the EU discussion at this point—I will refer initially to Japan, because that deal is in principle at the moment. We wait to see the final text of that agreement but if one assumes that it is effectively the current EPA which the EU has with Japan, all the conditions within that have been initially transferred across in the approach to technical standards and regulations. If that is the case that is very welcome, because there is a sophisticated automatic and existing trade relationship with Japan. Manufacturers here in the UK know exactly the environment that they will be trading into. Likewise, Japanese firms exporting to the UK know what the environment will be from 1 January next year.

Although there are no formal FTAs in place between the EU, Australia and New Zealand, there are lots of side agreements that allow a lot of common assessments and mutual recognition to be done. It is certainly our understanding that, in the current relationship between the EU, Australia and New Zealand, there is a good balance in how that system works and a good, aligned approach as to how those standards and technical regulations apply.

I am sure we will touch on the US case in a little more detail in due course, but, as Dr Steedman has indicated already, there are some fundamental differences in approach between how the UK assesses and takes forward its mandate on standards and technical regulations versus how the US does. As we have seen, historically that has been a critical element of the US's negotiations on the USMCA with its near neighbours and with previous attempts to undertake a multi-chaptered free trade agreement with the EU.

There is a lot of detail to get through and exhaust with regard to the US negotiations, and I suspect that we are far away from having any certainty about where that is landing at the moment.

Q3 **Lord Watts:** Several of the written evidence submissions that we have seen refer to international standards such as the Codex, which is linked to food industry standards. We have noted that witnesses take different views about whether these are the best standards that could be used.

Can you say a bit about how international standards are developed and used in general?

***Sue Davies:*** International standards are obviously really important. As we have just heard, they are an important route to ensuring harmonisation and facilitating trade. However, we have to be careful, because the international standard will not always be the standard that gives the appropriate level of protection for UK consumers.

Codex is a very good example. It is a UN Food and Agriculture Organization and World Health Organization joint committee. It has lots of cross-cutting committees on issues like food hygiene and food labelling, as well as very specific committees looking at things like fruit and vegetables, fats and oils, and develops standards to facilitate trade.

However, some of those standards do not match our standards. Some of the more controversial ones involve issues like the beef hormone ban, for example, that we have here. There is a Codex standard that permits beef hormones, which was why the US challenged the EU ban and we ended up with a dispute over the ban, but it was maintained regardless. There are issues that are on the agenda of Codex at the moment where the UK already has standards, and because Codex standards, like OIE and ISO standards—the international animal health standards and international standards organisation standards—are referenced in the sanitary and phytosanitary agreement and the technical barriers to trade agreement of the WTO, they have taken on particular significance, because they are referenced texts in any particular trade dispute.

I have represented Consumers International, which is the umbrella organisation for organisations like Which? from around the world, in Codex discussions as an observer, and it has become increasingly political, because ultimately a standard could be the means by which a country can then challenge another country as potentially having a barrier to trade, and could ultimately influence the type of protections that we have here.

I will give a couple of examples. There is a standard at the moment being developed on front-of-pack nutrition labelling. We have our traffic-light nutrition labelling scheme here. If that Codex standard does not come up with that level of protection, it could threaten the type of system that we have here. Similarly, Codex is still looking at guidance on the use of antibiotics; we have robust regulatory requirements that ban antibiotic growth promoters, for example, which are not reflected in the Codex standard.

Overall, it is really important that the UK engages with Codex because of its status in trade disputes and because international standards are really important to facilitate trade. They are voluntary, although they have particular significance because of the WTO. We need to influence them and make them the best that they can be, but we have to be prepared, as we have been up until now, to make sure that we are adopting standards that suit our UK context. Sometimes that will mean going

beyond the Codex standard. There are the means to do that within the WTO agreements if we go about it in the right way and prepare the right defence for doing that.

**Lord Watts:** We have already said that the USA has its own standards and the EU has its own standards. How do we come to a situation where we can negotiate something that satisfies both of those groups?

***Sue Davies:*** We have to focus on what we expect in the UK. I have been using the example of food, but it obviously applies to wider consumer product safety, data protection and lots of other issues of important consumer protection, where we have developed a particular regulatory regime because that is appropriate to our national context and matches the type of protection that consumers expect.

We have to negotiate, and that is appropriate where there are opportunities to reach agreement and recognise each other's standards, but we have to make sure that we are not compromising on those standards and potentially risking consumer confidence, which can have a negative effect on the acceptance of particular trade deals, as we have seen in the past; issues like food standards can become hugely important to people and threaten the actual basis of the deal. In terms of the longer-term trade, whether it is shopping for food or shopping online across borders, consumers need to have confidence that the right types of protections are in place.

***Dr Scott Steedman:*** Codex and the ITU—the International Telecommunication Union, which I mentioned earlier—are agencies of the UN. The British Government participate directly in those organisations, through Defra in the case of Codex and DCMS in the case of the ITU. Industry and experts like to participate to support Government in those organisations. They have a structure of national representation that is good, so we ought to applaud that. As Sue said, Codex standards will be implemented in the UK and the EU through the medium of regulation, so the question here is about the role of the non-legislative standards—British standards—to support a regulatory requirement. The principle of regulatory autonomy means that the UK will set whatever regulatory standards it requires, which Sue will help to shape, for British consumer protection. That is a matter for the UK.

Lord Watts's question is about how you balance this with other countries. One of the possible approaches is to respect the outcome of a regulatory process of product approval. I am not suggesting this for any specific food, but it has been raised for example in the area of car-testing and crash-testing of cars. It seems ridiculous that you should have to crash-test cars once on this side of the Atlantic and a second time on the other side, when you could recognise the outcome of a process. You say, "I'm not recognising your standards. I'm recognising that the process by which you place this product on the market is equivalent and meets our expectations for maintaining public safety". That is what mutual recognition will do for you.

You cannot mutually recognise a standard; either it is the same or it is not. To take a trivial example, one metre is not the same as three feet, although it is roughly the same. You have to be really clear that you cannot mutually recognise a standard, but you could mutually recognise the outcome of a process, assuming that you did not have perfect alignment of the regulatory requirement at the beginning. That is where there is great opportunity for the UK to find new trade channels and routes to market in multiple regulatory frameworks around the world.

Q4 **Lord Foster of Bath:** I want to pick up on your proposal that there would be mutual recognition, recognition of processes and so on as a way forward, particularly in the context of our discussions with the United States. Just help me, because my understanding is that in the UK and in the EU the acceptance of regulation could be on the basis of conformity to a standard—there is only one standard, one body and so on—but there are other ways towards proof of the meeting of the regulatory requirement. In America, as I understand it, at the moment the main way in which the meeting of a regulation is achieved is simply by demonstrating adherence to a standard, but it could be any one of a multiplicity of standards by any one of the 200 different bodies that are allowed to create those standards. I am not sure how the American process, which does not seem to be interested in other ways of achieving compliance with regulation other than meeting standards, would fit with what you are describing. Have I misunderstood?

***Dr Scott Steedman:*** No, you have described it absolutely perfectly. The system in the US is highly prescriptive. It is a fact of its history and its federal structure. The Port Authority of New York has its own building regulations, for example. It is incredibly complicated for British manufacturers to access markets through federal, state, municipal or county requirements, which impose all sorts of obligatory test requirements, often referring to American corporations to do the work for you, before the products are allowed to be placed on the market. That is a very complex area, which Richard Rumbelow referred to earlier.

In the UK, based on our history with the European single market, we have a much more advanced, risk-based approach to product approval, where the manufacturer may use a British standard to claim conformity with a performance-based regulatory requirement. A classic example is in children's toys, where the regulatory requirement in the UK says that the toys shall not pose a risk of strangulation. That is all it says. The burden of proof is on the manufacturer to demonstrate that. It may use a European or British standard to do that, or it may choose to use some other technical file. You are absolutely correct that we have a very simple and streamlined approach to product approval and regulatory conformity in the UK versus a very complex approach in the US.

However, at national level, in sectors where you have high-risk or high-value products, it may be possible to agree that the outcome of a process that is a regulatory requirement is deemed equivalent. I mentioned the crash-testing of cars. That is one where the industry and manufacturers think there is opportunity to say, "We do that here; you do it there", and

so on. It may be possible, but I am not saying that it is easy. If you have the same regulatory requirement, that is very simple, but if you do not have the same regulatory requirement, what other means can you use? At that point, you have to talk about the outcome.

**The Chair:** Staying with your contrast between the UK and the United States, if I understand correctly you are saying that it may not be that difficult for US manufacturers to demonstrate that they can comply with what we require in the UK, because those are more forgiving of detail, whereas it would be difficult for a UK manufacturer to persuade the US authorities of compliance because they are much more prescriptive. Is that correct?

***Richard Rumbelow:*** That assessment is correct. It will be a lot more challenging for UK manufacturers selling their products into the US to meet the various requirements, as Dr Steedman has outlined. The more complicated the product, whether because of environmental considerations, food requirements or a range of other things, the more process is required to get through in licensing, testing and federal approval to get into the US, compared to the reciprocal arrangements here in the UK.

Though manufacturers in the UK sell products in the US, and the US is a considerable market for UK-based manufacturers, they have taken the commercial decision to proceed with those requirements in order to get market access into the US. That does not come without a cost, and sometimes not without a very complicated and extended process of going through testing requirements, product certification and, in many cases, fundamentally changing their product here in the UK to make it acceptable to the US market. It is not without cost and it is not without burden, but obviously for some firms that is still a commercial advantage for them, and that is why the American market still is a considerable opportunity, both now and in the future.

**The Chair:** What would you and your members particularly want to see in a trade agreement with the United States? Is it the sort of thing that Dr Steedman was referring to, which is an output-based or outcome-based requirement, or something different?

***Richard Rumbelow:*** We want to ensure that the UK has a level playing field when it comes to negotiations. In terms of how you define technical regulations and standards and how you effectively place goods in the market, we want to ensure that the UK has a strong mandate going into those negotiations and does not wish to necessarily undertake a change to its current environment. I say that because, first, it is a sovereignty issue for the UK; it is important that we retain, as a UK voice in the global standards environment, the substantive history that we have in this area and the influence that we have had in developing international standards.

Secondly, there is a more practical point. Whatever the outcome of our discussions with the EU, the EU will still be an important market for the

UK manufacturer, whether that is as a part of the supply chain, which I referred to earlier, or whether that is the final destination for the product. Anything that adds cost to the manufacturer of a product—in other words, if we wish to realign ourselves or remove our alignment from a more European-based system—will only add cost to the product going into an EU market and into other markets, versus the US. That may also pivot some of our existing supply chains that use the UK away from the UK if that cost burden is unsustainable.

We have to be very careful, though we would love to see movement and progress on the technical barriers to trade with the US, to smooth out a lot of those differences of approach. We do not want to have that at the cost of UK manufacturing's overall long-term performance and, in particular, anything that further damages the supply chains that we have, not just with the EU but how that supply chain then works on a global basis.

**The Chair:** It is a complicated issue.

Q5 **Baroness Liddell of Coatdyke:** I am interested in how the outcome affects Joe Public, and how the ordinary person buying any product that has come in as a result of a trade deal can be protected. I am very conscious of the fact that Which? advocates for an explicit consumer chapter to be included in trade deals. I am interested in how a trade deal can best protect consumer rights and product safety.

Are there any good examples that can be used as templates? I note from some of the evidence that the Digital Economic Partnership Agreement between New Zealand, Chile and Singapore is an example of an international agreement with a strong focus on consumer protection. Is that accurate? Could it be used as a template for other developments?

***Sue Davies:*** I am really pleased that you have raised that, because it is something that Which? has been advocating. Although consumers are often seen as a key part of trade deals, and it is thought that trade deals will deliver for consumers greater choice, cheaper products or general economic growth, there have not been that many examples of where consumer rights and protections have been explicitly built into trade deals. This is something that the UK can really take a lead on. We have a really strong history of consumer protection and consumer rights legislation. We should be using the trade deals to make it clear that consumer rights and protections are an explicit objective of the trade deals.

As well as looking at the individual chapters and making sure that they take account of consumers' interests in the right way, whether that is health protection in the SPS chapter, technical barriers to trade, which we have just been talking about in relation to technical standards and labelling requirements, in the communications chapter or in relation to competition policy, there would also be huge benefit in having a specific consumer chapter that set out the key consumer rights and reinforced the importance of reciprocal co-operation.

As you say, there are not many examples of where consumer protections have been explicitly included, but there are some. In CETA, the EU-Canada agreement, there was a commitment to develop an early warning system on product safety, which was then developed outside of the deal, but at least it was included as recognition that it was an opportunity not just to look at trade barriers but to enhance protections.

We have been looking at examples of consumer chapters. As you say, the DEPA is one of the first ones that makes explicit reference to a consumer chapter. It is not necessarily sufficiently broad in scope, and there are parts in that agreement that might be detrimental to consumers, but it is interesting that the area of e-commerce is where consumer interests are being recognised more explicitly. That is possibly also because there you have consumers interacting more directly as traders themselves.

There is precedent in that there is a labour chapter in trade deals. With the recent United States-Mexico-Canada agreement, a small and medium-sized enterprise chapter was included in the trade deal, so there is precedent in that sense as well in having an explicit consumer chapter in trade deals.

**Baroness Liddell of Coatdyke:** I was quite interested in the USMCA, because in the BSI's written evidence it seems that that is nothing like a good template. Listening to the answer to the last question, I was becoming a bit puzzled by that.

***Dr Scott Steedman:*** I will make a point that is very relevant to that question. The requirement that we would really urge the UK to follow is simply this mechanism of adopting international standards as we do today, because we must avoid in a trade agreement a provision that enables a foreign Government or a foreign actor in that country to petition the UK Government to designate their standards in place of our own where British consumers have had no voice in the development of that standard. The USMCA has been used to do that in Mexico, so we are concerned that that type of result could occur should the text of that agreement be adopted in the UK.

The reason comes back to this question of the definition of international standard. The US maintains that the definition of an international standard is something that it can declare, whereas we in the UK and many other leading countries would follow the principle of national and systematic representation. The BSI has an excellent consumer and public interest network that provides representatives of consumers to participate in international standards making, including in the e-commerce area, of course. That is an area where we can make sure that the British consumer voice has the opportunity to influence the content of an international standard that will then be used in the UK, possibly to support regulatory conformity in the UK, certainly by industry to support its practice.

It is quite a simple statement to say that we want to ensure that UK consumers and other stakeholders have a voice in the standards that will

be used for regulatory compliance in the United Kingdom. Of course, with the UK Internal Market Bill, we mean the whole of the UK. Access to the UK market takes you right across the whole UK, and it is a very precious market structure that we want to protect.

Q6 **Lord Morris of Aberavon:** My impression from Sue Davies' evidence is that examples of consumer protection in treaties are sparse. Would you advocate specific provisions in treaties to protect consumer protections? The father of consumer protection in our country is the famous "Who is my neighbour?" judgment in the 1930s. That began the whole basis of consumer protection. Would you advocate a specific provision in a treaty?

***Sue Davies:*** Yes, most definitely. There will need to be not just one provision. That is why it is important to have a consumer chapter that sets out the consumer protection objectives and basic requirements that apply across the whole of the trade deal but within individual chapters where they will have implications for consumer protection. The SPS chapter could have implications for food standards. A digital chapter could have implications for privacy and data protection issues.

Explicit provisions need to be built in to enhance consumer protection. That includes co-operation between the regulatory authorities, for example on enforcement. Those sorts of provisions can be made really clear, but we need to be careful that individual chapters do not focus on those cross-cutting provisions and then potentially weaken protection in other specific areas.

If I could just clarify the point that I made to Baroness Liddell, I was not suggesting that the USMCA is a good example. That has lots of provisions in it that would weaken consumer protection, purely in that it has an SME chapter. Having individual chapters for specific interest groups seems to be happening more in trade deals. The idea of having a consumer chapter is not a crazy idea; it would be important, given how important consumers are to trade.

Q7 **The Earl of Sandwich:** I come back to the issue of food and agriculture. I am speaking from the West Country, the Dorset-Somerset border, where is a lot of apprehension. We all know the strength of public concern, which came through in the Trade Bill yesterday. We have covered regulatory systems; it is complicated when it comes to food. We have also mentioned the US and the difficulty and diversity there. We also remember TTIP, where the whole thing foundered on many of these issues.

Can you tell us a little more about the broad term of food standards, what it encompasses, how those standards are set for food and why they have become such a key issue? You mentioned labelling. We may be able to touch on it with equivalence, which is the term used by the WTO.

***Sue Davies:*** From the consumer research that we have been doing, we know that people really care about food standards. It has come out consistently in all the surveys and qualitative research that we have been doing. Yesterday we published the findings of a new survey, in which

94% of people said that they expect us to uphold our food standards. It is a very sensitive issue that people feel very passionately about. Within food standards, there is a whole range of different issues. Some people have a concern about food safety, which is about food quality, which has many different dimensions to it, and animal welfare standards.

It is important to think about food standards also in the context of the UK's domestic priorities. The Government have just published an obesity strategy, and they are hosting COP 26, the big conference on climate change, next year. It is clearly a big focus. A national food strategy is being developed and the Agriculture Bill is going through, which is all about shifting to more sustainable systems of food production. We hope that can be healthy and more sustainable as well.

The regulatory standards that underpin the system that we have at the moment have been developed over many years, and, as we said earlier, are generally regulatory requirements. In the 1980s, our system had a lot of weaknesses that, particularly with the BSE crisis, exposed how standards were set, the role of science, what kind of evidence was taken into account and responsibilities across the supply chain.

We now have a system with requirements that are basically a plough-to-plate approach. Seeing what happened with salmonella and BSE, we took the view that you have to look right from the farm, at animal feed and pesticides, all the way through the supply chain to make sure that you have a safe product that meets people's expectations.

A lot of regulations have been put in place, but crucially we also established independent agencies. The Food Standards Agency was set up, and Food Standards Scotland has been set up more recently, with a specific remit to protect public health and other consumer interests in relation to food. They have largely operated within the EU context; a lot of decisions have been made as part of the EU, and the Food Standards Agency has worked closely with the European Food Safety Authority. Now that we have left the EU, the Food Standards Agency and Food Standards Scotland will take on more responsibility for some of the scientific advice that underpins food standards. We generally have a risk analysis approach, where we will have the scientific evidence, but within our regulatory framework there is scope to take other factors into account. We saw with horsemeat that there are cultural and ethical dimensions to what we eat that can also shape food standards.

We have learned a lot and we have put this system in place over many years, so the idea of reaching trade deals with other countries that have different systems is really concerning. The US obviously hits the headlines, but Australia, New Zealand and Canada also allow practices that we do not permit here, such as the use of chlorine washes, which is a symptom of a system that is not so much about plough to plate but about controls at the end of the supply chain. There are also production methods that we know people object to here, such as the use of hormones in dairy or beef production. It is really important that we

maintain our standards and defend them robustly as part of trade deals and try to build on those standards.

We have also done a lot of research talking to people about labelling. People do not see labelling as the answer, because they recognise that labelling does not really mean that you have choice. At the moment, we have baseline standards that apply to everybody wherever you are shopping. You do not have to examine every label, particularly when you are buying processed foods or you are eating out; you do not have that information.

We know from the recent consumer research that we have done that low-income consumers would be more concerned about allowing products into the country that were produced to lower standards than those we have at the moment, because they know that they would not have the choice. They cannot go to supermarkets and pay more to avoid those. That is why it is really important to build on the lessons that we have learned over the last two or three decades, the independent and transparent system that we have for setting food standards, the way they apply to imports as well as to domestically produced foods, and to make sure that we promote that rather than start to undermine it through what is agreed in trade deals.

**The Earl of Sandwich:** Would any of you see food as the Achilles heel of the US trade deal?

***Sue Davies:*** It is a crucial issue. We saw with the TTIP negotiations between the EU and the US that food was a really big issue for people. That is certainly coming across in our research; we know that people see opportunities for trade and they find trade deals can be quite exciting in some areas, but food is something that they absolutely think we cannot compromise on and give away.

Q8 **Lord Gold:** We have had quite a lot of evidence about digital trade, and there is a view that the deals that are now being negotiated by the UK might well set the tone for international approaches in this area. We know, of course, that digital provisions are a key enabler for the services trade. One area of concern is privacy and data protection. Different countries and regional blocs take quite different approaches to this. What do you think we should look out for in digital trade provisions?

***Sue Davies:*** There are lots of opportunities, as you said, with digital trade that can bring lots of choice and new services and products for consumers, but we need to be really careful that we do not, in the way that we allow data flows, as you said, compromise on privacy and data protection. We have the General Data Protection Regulations in the UK, which provide a higher level of protection than the data protection regulations that are in place in the priority trade deal countries that we have. If you take the US, for example, there is no federal regulation in this area, so consumers' data, unless it is protected, could be subject to being misused in different ways. It is something the Government really need to look out for.

Conversely, there are opportunities in trade deals, which I talked about earlier in relation to consumer rights and protections, to look at how we can enhance some of the protections around e-commerce. One area that we have been doing a lot of work on at Which? is online platforms. Through our testing, we found lots of unsafe products on online platforms, which can sometimes be based in other jurisdictions, such as the US or China, and the sellers can also be based somewhere different. It can be very difficult to enforce those regulations or our product safety requirements without reciprocal co-operation between different Governments. That is one area where there could be stronger commitment.

We also need to watch out, in some of the agreements that have been adopted so far, for some of the references that are included in those that suggest that there will be a much lower level of protection. Going back to the United States–Mexico–Canada agreement, that specifies that voluntary agreements would have the same status as regulations. That is also the case in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and that refers to international standards. Going back to the points that Scott was making, we need to be really careful, because the international standards that are referenced do not offer the same level of data protection that we have in the UK at the moment. It is the OECD standards that are referenced.

It is something that we need to see. There are lots of opportunities, and we need to get the balance right between innovating and making sure that we have the right level of consumer protection. We must not unravel some of the important protections that have come in for consumers recently but build on those, with some of the online harms protections which the Government have been focusing on recently.

***Dr Scott Steedman:*** You raise a very interesting question. From the industry side of the fence, large software companies operating around the world will have to meet over 50, maybe over 80, different data protection regulatory environments for the sale of their products in those markets. I understand that in the US there are over five different GDPR-style regulatory frameworks already emerging. This is a very complicated area for innovation. Unless you are a very large software company, being able to innovate and offer a digital service in another country will be very complicated. Sue has made all the rights points.

In the case of the UK, being able to have a co-regulatory system that enables innovation but protects British consumers is fundamental. I am asking again that we rely on our own British standards, where our own British experts and consumers have influenced the outcome of those standards, and we do not allow any opportunity for standards that British experts have not influenced to be used to support regulatory protections in the UK. I am thinking, for example, of the online harms Bill as one model for that.

We could very successfully in the UK use our regulatory autonomy to support the innovative use of digital services and standards for e-

commerce within a protective envelope for the British public, using a combination of performance regulatory requirements, prescriptive technical regulation and international standards. By using the international standards framework, we will enable our services companies to operate globally, and that is really important.

***Richard Rumbelow:*** I would add two things to the very good comments that both Ms Davies and Dr Steedman have made so far. First, services—we are talking here about data communications and data flow—are sometimes a very underestimated but in fact a vital part of modern business. We have spoken a lot in the conversation so far about the issues relating to goods, and standards and technical regulations relating to the manufacture and the sale of the good. In many senses, it is the flow of data around the manufacture of that good and how that good is then used by the final customer that is highly important to the manufacturing business. Many UK business in our sector are as highly dependent upon services and the flow of data with that customer as they sometimes are on the manufacture of the good itself.

Accepting all the points that have been made so far, one thing I would add relates to data adequacy, which has been referred to in remarks so far. Whatever trade agreements we have with some of those countries in the future, it is important that data adequacy provisions are satisfactory and to the standards that we know now. The immediate challenge is that the umbrella of date protection that we have enjoyed with the EU will probably fall away by the end of the year. Unless we have a suitable data adequacy provision arrangement with the EU from 1 January, and by implication with a range of other countries that have fallen within data adequacy provisions with the EU, the UK will be in a very disadvantageous position when it comes to data flows coming into and going out of the UK.

That raises some of the critical concerns that have been mentioned already in relation to consumer protection, data ownership, data location and all the rest of it, so we have an immediate question that needs to be answered.

**The Chair:** That data adequacy problem is well understood and does not just apply to the discussion we are having today. It is a good point, well made by you, so thank you for doing that.

Q9 **Lord Morris of Aberavon:** Can I be specific about food standards, which are a matter of great public concern? What are the public health consequences of greater market access for US producers? Should we be concerned?

***Sue Davies:*** If we allow access to US products that meet our own standards and we make sure that we are checking that, that is not an issue. It is not about US food per se; it is about it having to meet the standards that we have in place at the moment. If we were to compromise and allow some of the production processes that are allowed

in the US that we have chosen to ban here, we could start to see some consequences in the short and longer term.

As I mentioned, the use of chlorine washes has obviously become quite an iconic issue when it comes to what the US does; they are also used in Canada and New Zealand. It is a process that is used at the end of the process to clean up chicken, basically, because there have not been effective controls earlier on in the supply chain. It reflects the approach that is taken to production there.

There are also other processes that, because we apply the precautionary principle, we have decided it is better to err on the side of caution and not to allow. These are production processes that we know consumers also have particular concerns about, such as: the use of ractopamine, a growth hormone, in pork production; the use of bovine somatotropin, which is used to boost milk production in dairy cows and is associated with higher incidence of mastitis; and beef hormones that are permitted in the US, Australia and New Zealand but are not permitted here. We do not know what the long-term consequences of those production methods are, but we have decided that they do not have a place in the types of production methods that we have here.

Going back to the specific consequences, it is very difficult to compare food poisoning statistics directly, but based on official US statistics we know that about one in six Americans get food poisoning every year. The Food Standards Agency has recently updated how it looks at the incidence of food-borne disease. It is very difficult, because norovirus sometimes comes from food and sometimes from other sources, but it works out at about one in 28. As I said, they are not directly comparable, so you have to be careful, but there is an indication that there is a big problem with food poisoning in the US. Our counterpart's consumer reports regularly have campaigns to try to improve food safety, most recently because large quantities of the US lettuce crop were contaminated with food-poisoning bacteria.

It is hard to say specifically, but that is the reason why we should build on our own standards and allow products in and give consumers greater choice, but subject to the standards that we have here.

**The Chair:** That is an important observation: this is not about national origin; it is about the standards of the products that are coming in. In fairness to the Government, only yesterday the relevant Minister said, during the Trade Bill debate, that the UK Government will not allow our food standards, for example, to drop, which would meet your concern. Do you have any observations on that?

***Sue Davies:*** We have written to the Secretary of State for International Trade and the Secretary of State for the Environment asking them to set out more specifically what that manifesto commitment, and the commitment that has been made in lots of debates, actually means in reality, and to assure consumers. We know that a lot of these bans or regulations that are in place can very easily be changed through

secondary legislation. Even though they have been transferred into UK legislation, it would be easy to change them.

We want an assurance that they will not ask Parliament to change any of the standards that we have in place for the production methods that we know are of particular concern to people. We also want them to be more explicit about what that commitment to not changing food standards actually means in practice.

The Earl of Sandwich mentioned equivalence, and the danger is that sometimes we can easily jump to conclusions about different systems being equivalent when the underpinning approaches can be totally different and give consumers a very different level of protection.

***Dr Scott Steedman:*** The market surveillance structure in the United Kingdom has been based very successfully for many years on the market framework that we have. Sue mentioned policing and enforcement. We have a post-market enforcement structure, and our trading standards officers are stretched to the limit. I would just like to make a plug for that and to recognise that fragmentation of the market, through products, labelling or whatever, makes the problem of enforcement even more complicated and difficult for the trading standards officers who are out there trying to protect citizens.

Q10 **Lord Foster of Bath:** My first question builds on what Sue Davies was just saying about the need to build on our own standards and, more importantly, on what Dr Steedman said much earlier on: that we do not want to do anything that undermines the UK's regulatory autonomy. Very many of the witnesses who have written to us have raised concerns that trade deal provisions might well restrict our ability to regulate, particularly in the area of environmental protection. One of our witnesses referred to previous attempts at a deal with the US, for instance, saying that regulatory co-operation in a transatlantic context has been known to have a chilling effect on the introduction of environmental regulations.

Given that we know that the American ambitions in the environmental area are very different from ours, could you comment on whether you think it is a real concern that we might lose that autonomy that you are so keen to have? More importantly, what can we do in the negotiations to ensure that we do not lose it?

***Dr Scott Steedman:*** The most important aspect here is to be very clear on the distinction between standards and regulations. I am privileged to be working with the Department for International Trade, and I am on the Strategic Trade Advisory Group—STAG—advising the Minister. The officials there have worked very hard to get to the bottom of this so that they are well equipped to understand any inadvertent concessions that might lead to an undermining of British regulatory autonomy in future. Other countries are very familiar with this landscape of standards and regulations, and the UK, for lots of historic reasons, is not so familiar. We just need to be very careful about what we give away here.

***Sue Davies:*** It is a really important point, and there are two elements. There is a lot more scope within WTO agreements for us to maintain the regulations and protections that we have at the moment. You often hear too easy an assumption: "That is not permitted under WTO rules". If you actually look at the case law and precedent, if we go about developing our regulations and we have the evidence base, we can maintain the protections that we have. We should be robustly defending those, whether in relation to food safety, environmental protection or other types of product safety.

We also need to be alert to some of the negotiating objectives that some of the potential partners have set out. Going back to the US, there are specific objectives in those negotiation objectives where the US wants to change our regulations, whether on the labelling of food products, how we regulate food technologies or issues such as not making online marketplaces liable for the safety of the products that they sell. Those are things that go against the UK's domestic agenda, so we need to make sure that we robustly defend against those. It is a risk, but it is something we can make sure we stand firm against.

**Lord Foster of Bath:** I want to address this question specifically to Mr Rumbelow and bring us up to date with discussions going on in Parliament at the moment. We know that the UK–Japan trade deal has been signed in principle. It is going through the scrubbing process, and we will all get to see it in the near future. We know that there is already some concern about that deal in Northern Ireland. We see newspaper headlines such as, "UK–Japan trade deal could see NI miss out on some goods, committee hears: Stormont officials have outlined the potential impact of the region having to apply EU product standards post-Brexit". I wonder if you would like to comment on that, given that it is an issue Parliament is currently having to address.

***Richard Rumbelow:*** First, we must look at the basis of the Northern Ireland protocol and the withdrawal agreement. That quite clearly makes special provisions in terms of Northern Ireland and the way it will be treated in future. One of those treatments will relate to trade agreements with third countries. Certainly in the event of no arrangement between the UK and the EU, my understanding is that, in relation to the deal in principle with Japan, there would need to be expedited discussions on both sides to work out what provisions would apply for Northern Ireland in those arrangements. This is probably a similar pattern with other continuity agreements which the UK has negotiated. Provisions would also have to be applied for future FTA discussions with other countries.

In general terms, because of the way in which the Northern Ireland protocol is drafted and the provisions allowing for the trading of goods and the way that will happen in Northern Ireland, there will be, and will need to be, special provisions for Northern Ireland in future FTAs. This is in the event of no deal because of the way in which the EU market for goods will be allowable in the Northern Irish market.

Q11 **Lord Kerr of Kinlochard:** It has been a real pleasure hearing our three

witnesses, and I would like to thank them very much. I have learned a great deal, both from their written evidence submitted in advance and from this session. Clearly there is a huge amount of expertise around and giving evidence today.

Can I ask our witnesses to tell us a bit about how much the Government draw on that expertise? How involved are you? How much are you consulted by the Government about their negotiating objectives and about the process of the negotiation itself? Based on that experience, is there any more the Government should be doing to ensure that they get the right inputs at the right time from the right expert people?

***Dr Scott Steedman:*** I mentioned earlier that BSI has its appointment from BEIS, through the Office for Product Safety and Standards. We enjoy a very good relationship with them and with their team, who advise other parts of Government on trade policy and who are very expert themselves in this matter. We have a regular and continuing dialogue with that team, which covers both the European future and the trade agreements. We work with them very closely. I mentioned that I am privileged to be on the Strategic Trade Advisory Group, and I was recently invited to be an adviser to Minister Ranil Jayawardena, and I look forward to the renewal of that group shortly.

My team and the officials in DIT work very closely together. They have a lot of conversations. I am very confident that, over the last couple of years, they have really raised the bar in terms of understanding our issues, the issues our stakeholders want to bring to them. I am also pleased about that co-operation.

We similarly have very close relations with the FCDO. With our reach and our network globally, we can bring information to bear on UK soft power, in how other countries are approaching the subject of standards and regulations. I hope there is a dialogue that we can bring to the community there.

In terms of government objectives, I will be clear: we have been told quite directly that government objectives are a matter for the Government. We have not been privy to those, neither have we been privy to the wording, for example, of the Japan draft agreement. I hope that the conversations that we have and the trust that has built up between the industry stakeholders, the standards community and department officials will enable them to take the right action.

If I were to make one ask—we have talked about it a lot today—I would talk about technical barriers to trade. Other countries routinely have advisory committees on technical barriers to trade. It would be very welcome if this Government similarly followed a path like that.

**The Chair:** As I understand it, you are not even consulted on whether the negotiating objectives ought to contain certain elements relevant to standards, for example. Is that right?

***Dr Scott Steedman:*** The consultation processes are public and we submitted evidence, but we are not consulted directly or in person, no.

***Richard Rumbelow:*** I very much echo the comments that Dr Steedman has just made. For the purposes of declaration, my chief executive, Stephen Phipson, has recently been appointed to one of the new expert groups that were set up at the end of the summer, looking at the automotive sector and similar matters.

One has to bear in mind that the Department for International Trade is still a relatively new department. It is still finding its feet in many respects and has a very tough agenda of pursuing both continuity agreements with countries and the ongoing FTA discussions. It has had to learn a lot in a very short space of time. I lead our work with the department at official level and input a lot into the work that it ongoing.

I hope that the recent architectural changes that they have made in the STAG and the new expert groups are not the end of the matter and the final say on how business groups, consumer groups and other economic and social actors have the ability to input views into the process on an ongoing basis. The mechanism and the architecture must be kept under constant review, and reviewed appropriately and frequently. All the countries that we are currently negotiating an FTA with have gold-standard approaches when it comes to business, economic and social actor engagement, right from the conception stage of FTA discussions, right the way throughout the process, even to the point of sharing texts of the opposition side. They even have the concept of the room next door, where key actors are brought in during the negotiations to have that shared view of negotiating texts and objectives.

It is a work in progress. What the department is doing has to be recognised within the timeframe in which it has been set up, but we hope that it is an ongoing process that will allow greater transparency and opportunity to input at critical stages of trade policy design, execution and negotiation through the process. It is also very important that Parliament has the right opportunity, at the right moments in that process, to engage in a structured way and to be able to input opinions and views, and to be consulted on trade policy in its broadest sense going forward.

***Dr Scott Steedman:*** I agree.

**The Chair:** Have you been making these points to government?

***Richard Rumbelow:*** Yes.

***Sue Davies:*** We think that there is a lot more that the Government can be doing to engage with and listen to consumer perspectives and their priorities for trade deals. At Which? we fed into the formal consultations and we have been on the Strategic Trade Advisory Group, which is now being re-advertised and reappointed. We were not on any of the expert trade advisory groups, and there was a move with the new trade advisory

groups, or TAGs, not to include wider civil society representation but to focus them on business interests. That was also the case with the Trade and Agriculture Commission; there is no consumer representation on that either. We have joined one of the sub-groups, looking at consumer interests, in order to make sure that consumer views are at least feeding through into that commission.

We ourselves have been doing a lot to talk to people and explain what the priorities are for trade deals. We have just completed what we have called "The National Trade Conversation", where we went to five different parts of the UK, drawing on people from quite a broad radius, so that we had people from urban as well as rural areas, really reflecting a cross-section of society and a diverse range of backgrounds. The events were in Dundee, Newcastle, Swindon, Cardiff and Belfast. Through that, we had five workshops where we explained to people how trade deals are reached, what the UK trades, what other countries trade and the different issues relating to products and digital trade. We got people to weigh up all the different risks and opportunities and set out their priorities.

We would be very happy to update the Committee on that; we are just in the process of analysing the findings. It shows that when you engage people in a meaningful way, they really understand what trade deals can mean and they have very strong views about what some of those priorities might be and what some of the opportunities as well as risks are.

That is precisely the sort of process that we would like to see the Government undertaking. The success of trade deals will be determined by the extent to which they deliver tangible benefits for people in their everyday lives, yet there is very little public debate about what could be on the table, how we draw our red lines and what we prioritise and go for as an opportunity.

**The Chair:** There is quite a lot of talk about what we do not want; there is perhaps not a lot of talk about what trade deals can do for people. It would be very interesting for us to know a bit more about what you have just been looking at. Thank you for the offer.

Q12 **Lord Oates:** Thank you so much for helping me, at least, to understand the difference between standards and regulations; at least I think I do, but please do not test me. I have taken out of our conversation about the US situation that in trade negotiations we cannot hope to change the US's fragmented approach, but we should focus on ensuring that we protect our own ability to regulate and enforce UK standards and indeed international standards. If that is the correct understanding, does that not have significant implications for the extent to which smaller businesses will be able to take advantage of any trade deal, given the complexities of the US system?

***Dr Scott Steedman:*** Yes, it may do. There is simply no way the US can level its playing field. We have talked about its history. Enabling British SMEs to gain more market access is largely a matter of information. In

the TTIP discussions, that was a challenge because, as was mentioned earlier, there are hundreds of standards organisations in the United States. Knowing what is required in one state or another state is extremely complicated.

It is possible that information access could enable British SMEs to have more sight of what is required. If we knew what sector and what market we were talking about—was it California, was it this, was it that?—we could probably surgically do that. There are possibilities there. That is the way forward. It is about information-sharing, and possibly also about co-operation on future transatlantic standards where there is a bilateral interest that is not being met at an international level. That is another very serious opportunity.

***Richard Rumbelow:*** The only point I would add, which is not specific to the US, is that there is a great benefit, in all the future trade discussions and agreements that we have with other countries, to the benefits of those agreements being communicated more broadly, whether for consumer interests, business interests, small business interests or whatever. In total terms, many of the preferences that come out of trade deals are not understood fully by people and are sometimes ignored by business.

I heard a statistic recently that only 20% of trade preferences are executed as a result of FTA discussions, which is a pitifully low number. In any event, an FTA is there merely to smooth existing barriers out of the way; it follows trade rather than necessarily initiating trade in that sense. It is very important that, as part of the communications effort, the benefits of trade agreements are communicated more broadly, so that everybody fully understands where those opportunities might be.

**The Chair:** It is not all about chlorinated chicken.

***Dr Scott Steedman:*** If you wish to explore the SME question, the Federation of Small Businesses, under Mike Cherry, would be an excellent candidate.

**The Chair:** Thank you for that advice. Thank you, the three of you, very much indeed. That has been enormously valuable. You have certainly educated me; I do not speak for other members but that may well be the case with them. You have been very generous with your time. Thank you very much indeed.