

International Trade Committee

Oral evidence: UK trade remedies policy, HC 701

Wednesday 25 November 2020

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Anthony Mangnall; Taiwo Owatemi; Lloyd Russell-Moyle; Martin Vickers; Mick Whitley.

Questions 63 - 109

Witnesses

I: Simon Walker CBE, Chair-Designate of the Trade Remedies Authority, and Satjit Singh, Interim Chief Executive of the Trade Remedies Authority.



Examination of witnesses

Witnesses: Simon Walker CBE and Satjit Singh.

Q63 **Chair:** Good morning and welcome to the International Trade Committee's public evidence session on a UK trade remedies policy. We are very fortunate this morning to have with us Simon Walker CBE, the chair-designate of the Trade Remedies Authority, and Satjit Singh, interim chief executive of the Trade Remedies Authority. Without further ado I will allow Simon and Satjit to introduce themselves in their own terms—name, rank and serial number, or a little more if you want.

Simon Walker: Thank you very much indeed. My name is Simon Walker and I am the chair-designate of the Trade Remedies Authority. I was previously on the board, as lead non-executive member, of the Department for International Trade. I resigned from that role in January in order to take up this one, because the independence of the TRA is pretty fundamental.

I was previously director-general of the Institute of Directors for six years. I ran the British Private Equity and Venture Capital Association. I have worked for a number of big British companies—Reuters and British Airways—and I was in the No. 10 policy team in the mid-1990s, when John Major was Prime Minister. That is my background.

Satjit Singh: I am Satjit Singh, the interim CEO of the shadow Trade Remedies Authority, currently trading as Trade Remedies Investigations Directorate. I have been here since mid-August, following the departure of the former CEO. My role in the last three months has been to ensure that we deliver while we prepare to transition to the TRA. I have previously run professional regulatory bodies and I have managed an ALB in the health sector. I have also held senior roles within the NHS. I have a degree in economics, I am a qualified accountant and I have an MBA. Although I am not involved in undertaking investigations, it gives me some understanding of the work that is being undertaken.

Chair, I would like to say a few words, with your permission, if that is okay.

Chair: Okay, but as briefly as possible, please.

Satjit Singh: Thank you. I want to point out that during this time we have faced a number of challenges, not least the fact that trade remedies have not been carried out in the UK for over four decades. Therefore, starting such an organisation has meant starting without any access to skills, so we have had to start literally from scratch.

When dealing with our regime, it is the first time for industries, too, and we are working closely with industry to be able to take this forward. Very few UK companies had any direct experience even of the EU regime, because they tended to use Europe-wide associations. We have recruited staff, trained them and got them ready for 29 March, when we marched them down again, so we have had a few false starts, as it were.



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Staff were recruited to undertake investigations. Some of them understandably got frustrated because they were unable to do the jobs for which they were recruited and some left, but many stayed and are still with us. We have been affected by Covid quite significantly for three reasons: first, our ability to carry out the work as far as investigations are concerned; secondly, industry's ability to provide us with the information needed; and last but not least, recruiting and transitioning and on-boarding people who have joined in the last few months—one in five of our staff have joined since we have been in lockdown.

I would like to end by saying that I am proud of the way that everyone in the organisation has responded and I pay tribute to their resilience and commitment. We have already started six cases and we are ready to accept new applications from 1 January. Have we got everything perfect? No, but we have, in very challenging circumstances, stepped up and are delivering on our objectives.

Q64 Chair: Thank you very much. I am sure colleagues will probe further in those areas and those points that have been mentioned. I note you said that staff were leaving, and that will be dealt with, but I cannot help but notice that they started leaving at two minutes past midnight, or a minute after midnight, given so much was expected around that date of 29 March, but please allow me to park that there for the moment.

Could I ask you both to explain your respective roles and responsibilities and your key priorities since you joined the Trade Remedies Investigations Directorate, as a scene-setter and an opener for myself and my colleagues?

Simon Walker: I am the part-time, non-executive chairman-designate of the organisation. It is important to stress that. The role of the board is to set strategy and bless plans and approaches, to hold the organisation to account for compliance, efficiency and rigour and to represent it externally, including to Government, but it is important to stress that we are a non-executive board. We do not make decisions or second-guess professional expertise within the organisation. If an investigation comes to a result and the legal team, the economic analysts and the investigators have a recommendation, the board will look at that, will assess that the decision has been made rigorously and confidently, and we will pass that on to the Secretary of State. It is not as if we will be making the final decision, as some arm's length bodies do, but testing the decision making is fundamental.

The other point I would make is that preserving the independence of the TRA is absolutely vital, including from the Department, from the Government and from all sectional interests. I would say that much of my time over the last six months has been spent trying to work out who will take over from Satjit as the new permanent chief executive, and finding non-executive board members with the right levels of experience and the diversity of background to constitute a successful board.



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Satjit Singh: I can broadly classify what I have been doing into two main areas: first, ensuring that during this period we are able to carry out the work on reviews that we have started—as I mentioned, we have already started some transition reviews—and secondly, ensuring that we have everything in place so that we are able to transition smoothly to the Trade Remedies Authority following the passing of the Bill and Royal Assent.

Q65 **Mick Whitley:** This question is for Simon Walker. In what ways, if any, do you expect the UK trade defence regime to differ from that of the EU?

Simon Walker: I think it will differ because the base of the UK economy is very different from that of the European Union as a whole. There will be matters that affect other parts of the European Union that simply do not apply to the British economy because we do not manufacture the products that were being protected against dumping or unfair subsidies. That is the big difference, and that is perhaps reflected in the fact that the transition reviews that we are carrying out at the moment—there were well over 100 trade remedies in place at EU level and the Government, after a call for evidence, transitioned only 43 of those to the UK situation. The others were deemed not relevant because we do not produce or manufacture in those areas. The key difference is that we will be covering different areas.

Q66 **Mark Menzies:** Mr Singh, how confident are you that you will achieve your planned staff complement of 144 by the end of the year?

Satjit Singh: There are two things: first, our ability to get to 143; and secondly, our funding, which will obviously come out from our allocation for next year's budget. We are at 98 people at the moment, against that target. We are recruiting people right now as we speak and our expectation is that we will reach 119 or 120 by the end of this year.

Q67 **Mark Menzies:** My understanding is that your staff churn is about 25%. Does that suggest that you are not paying enough to keep staff once they have gained marketable skills?

Satjit Singh: That may be a factor, but it is more nuanced than that. There are a number of reasons, not least the fact, as I alluded to in my opening remarks, of the uncertainty that plagued us to start with, where we recruited a lot of people who then were not able to do the jobs that they were recruited for, and left. That is one reason. The other thing is some of the people who have left from the corporate services type of role—not the investigations or the legal roles but the corporate services roles—tend to normally have a two-year cycle and some of them had been here for two years and, therefore, decided to leave and seek other opportunities.

There are other reasons apart from that, such as the fact that some people who were recruited joined the civil service following the end of their probation. They were eligible to apply for other civil service jobs and they saw opportunities elsewhere. So it is not purely about pay; there are a number of other factors involved as well.



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Q68 Mark Menzies: With that in mind, what are you doing to provide a competitive offer in order to recruit and retain staff, particularly against the backdrop in London that you have just described?

Satjit Singh: Independence is going to be key to that. While we are independent, we have more discretion on setting our salaries, but I must also say that we are still bound by overall public sector guidelines on these things. It is not as if we can go out and pay silly amounts of money. I would not like to think that we can promise anybody that, but obviously more flexibility in the way we pay people—but it is not just pay, it is also about learning and development, career progression. It is all those things that go into affecting the amount of attrition that there is and keeping people within our organisation. We want to make ourselves a more attractive employer, not just on one aspect of it but as a package.

Q69 Chair: Just to pick up on that point, from the National Audit Office it looked like Deloitte's contract value for training staff was something like £2,640,000, which was working out on a basis of £26,000 per staff member, with 25% of staff leaving. It seems not the best value for the public purse. I am also assuming this was not like student tuition fees in England where staff were required to pay back the training that they had received. Was this training marketable afterwards for staff once they had received the £26,000 per head training?

Satjit Singh: First, let me say that the contract to Deloitte was undertaken by the Department following normal procurement guidelines that we would follow for any contract. In that sense, the value was what it was. We trained nearly 60 people there, so that is a lot of people who were trained. Since then some of them have left, understandably so, as you have pointed out. The important thing is that we have since brought this training in-house and we are now training all our staff ourselves. In doing so, we have also trained the trainers to carry on this work, so there has been an investment that continues to pay us dividends, as it were, until now and hopefully into the future as well.

Chair: Thanks for that. I may have strayed inadvertently into another area. If so, Mark Garnier, I apologise.

Q70 Mark Garnier: Angus, thank you for warming up that question. Before I go into the costs of the training contract, I do want to follow up on the earlier questions from Mark Menzies. Simon Walker and I served for a couple of years as directors on the DIT board. One of the things we did fairly regularly, on an annual basis—you will remind me if I have this wrong, Simon—is have a staff assessment to see staff's happiness, and go around and ask them. Mr Singh, have you done that with your staff and, if so, what were the outcomes of these inquiries?

Satjit Singh: Sorry, I missed a little bit of your last bit. Could you say that again, please?

Mark Garnier: Among the civil service there is an annual survey of staff within various Departments. Certainly, one is done in DIT because I used to be part of the process of doing it. Have you done your own staff



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surveys in terms of happiness and enthusiasm for their jobs? If so, what were the outcomes and were they satisfactory?

Satjit Singh: We have done our staff survey, which is an annual civil service requirement, as you know. It was mixed. There were some issues that came up that were very, very positive, but understandably people were affected for various reasons by Covid, so that affected the way people were feeling about things—the fact that people thought there was uncertainty in the organisation. There are a number of issues that we need to address going forward, and we have set up a team of staff to do that and they are addressing that as we speak.

Q71 **Mark Garnier:** Following on from the Chairman's question about the cost of the training contract, we obviously appreciate that there have been problems facing everybody, and the uncertainty about when Brexit was going to happen was certainly one of them. None the less, in the notes we have here you were talking about £2.6 million being spent on 100 members of staff, working out at £26,000 per staff. I think you just said it was only 60 members of staff, so that is—

Satjit Singh: I could check that and come back to you.

Q72 **Mark Garnier:** It would certainly be worth it. People can understand if you are spending a lot of money to train the trainers, because what you want to do is impart the expertise and you want to get very good trainers. What this Committee would be worried about is if there is quite a lot of taxpayers' money being spent on training that merely services the best interests of the private sector, where people then go on and take this very valuable and very good training elsewhere without the public sector ever using it. Mr Singh, do you want to comment on that?

Satjit Singh: To be honest with you, that was always something that could happen.

Mark Garnier: But not to this extent. That is the point.

Satjit Singh: Yes, but I can only tell you that the circumstances have been quite different as well, as I have said earlier. Our view is that the uncertainty was also part of the reason why people left. Some of the people were ready. In fact, we were ready to start our work on 29 March, so in that sense you can understand that we started considerably later and as a result some people—

Q73 **Mark Garnier:** Apologies for leaping in there, but why did you start later than 29 March? Is that a Covid reason?

Satjit Singh: It is because we did not leave the EU on 29 March last year.

Mark Garnier: I am sorry. I am with you now.

Satjit Singh: That was our initial target date and we were geared up for that. We did a lot of training of staff, we made sure that people were in place, people were trained, people were ready to go, and then we could not do it. We only really started our cases after we formally left at the



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end of January this year. So the first time we could initiate our cases was in February and we did. Our very first case was initiated in February 2020.

Q74 Mark Garnier: I appreciate that people would not be able to do anything from the date we were supposed to be leaving the EU, and I think we can blame abysmal politics for that delay and we have to take that on the chin here in Parliament. None the less, if they were leaving and going somewhere else, where were they going?

Satjit Singh: Interestingly, most of the departures we had are still working in the public sector, many of them inside the Department itself, so we have not actually lost them to the private sector, having paid for them via the public purse. We have lost them either to other parts of the public sector or in some cases directly back into the Department.

Simon Walker: Could I supplement that? What I would say about the attrition overall is the TRA has been going for nearly two and a half years now and it was got up to speed remarkably quickly. This is before my time but it was ready for a no-deal Brexit, as Satjit says, on 29 March 2019. In a sense, there has been a frustration because people have been raring to go for well over two years. I think that has been a factor in why people have left, including the chief executive and other senior people.

As Satjit has pointed out, those people have invariably gone to other parts of the public sector, the civil service, often to the Department for International Trade itself, so it is not as if their skills are lost. When I took up this role, the first thing I did was go through the Deloitte training myself, or saw the material and have gone through it. It is thorough and comprehensive and is now being passed on organically within the TRA to the new people as they are recruited.

In a way, it is unsurprising that an organisation that is set up for an urgent professional purpose and is then stood down repeatedly over a near two-year period loses some of its people. There is now a cadre of internal expertise—legal, economic, analytical, investigatory—and a new chief executive coming in for a permanent appointment. Satjit has done a magnificent job of holding the fort, but a permanent CEO has now been appointed. I think we are absolutely fit for the beginning of the year, which is when we hope the organisation will formally come into being as an independent authority.

Q75 Mark Garnier: Simon, you and I have worked together for a number of years, on and off, and we have kept in touch since we left the Department. I have to say that you have demonstrated that you are an outstanding operator with an important governance role. Do you feel confident, as the lead member of the corporate governance team, that this organisation will be functioning properly and soundly when it is needed, in real battle terms, as of 1 January?

Simon Walker: Yes, I do. We have six, or maybe seven at the moment, measures being transitioned through our processes. What will happen on 1 January is that we are open for new applications from British



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manufacturers and we are ready for that. We have a team in place and we can grow it over the course of the next year, and we will grow it, but we are well resourced to do what we need to do on 1 January.

Q76 Chair: Thank you. We are having a few issues with sound quality. Mr Singh, I have a suspicion that sometimes when your microphone is open there is a bit of feedback, or it is the Wilson Room VC1TX. I think their microphone is open, or maybe they have to have their microphone. That seems to be a little better when you do mute. I am going to ask you a question now, so we will probably find out.

According to the chairman, you are going to be ready on 1 January. We are beginning to understand, or it is clear, that you were not ready on 29 March, had Brexit happened then. Are you certain that you are going to be ready? Will the IT systems be up and running, and will there be challenges in your interface with HMRC come 1 January, or is it all going to be fine? Simon, can I ask you to mute while Satjit is speaking?

Satjit Singh: We are working towards a 1 January start. We have a very detailed transition plan in place. The IT is working today. We are negotiating with the Department to make sure that all the agreements we need to have are in place before that. Most of them are already in place. I am absolutely confident that, subject to the legislation being passed in time, we will be ready to start on 1 January. I am absolutely confident about that.

Q77 Chair: Is that an assurance from both the chairman and the chief executive that there will be no IT problems from the TRA from 1 January onwards?

Simon Walker: No, I do not think there will be. I was the guinea pig for the digital application system when we were testing it out. I am not the most whiz kid technologically. If I could work it, I think people are going to be able to. We have an excellent digital interface system and we are right up to speed and we are ready for what is coming. Of course, we do not know what will be coming because we do not know what new applications there will be. There is a pre-application office that is already engaged in discussions with people who might want to make applications. So we are ready.

Chair: Okay, that is good news. IT systems will not be a problem in the TRA from 1 January onwards.

Q78 Anthony Mangnall: Thank you both for being with us. Mr Walker, can I turn your attention towards the chief executive? When you are going to have a permanent chief executive and a full complement of board members in place? With that in mind, where are you looking in terms of the background of those people you want to be on the board, and how are you going to safeguard against people essentially not being biased and pushing their own particular interests?

Simon Walker: First of all, we are very advanced on both those matters. In fact, I can tell you today that the new chief executive is going to be Oliver Griffiths, a senior official in the Department for International Trade,



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who has been heading up the UK trade talks with the United States for the past four years. He has a particularly strong background in trade matters and some background in trade remedies. He is a senior official who will have come out of the Department, because we are going to be independent, but he really knows his stuff in this area. I have to say that I could not be happier, because I do not think there is anyone in the country better qualified to run this organisation.

As for the board members, we called for applications in May this year and received 285 applications, which I have to say astonished me. Simply sifting that down to the 40 whom we considered in detail and then the 20 we interviewed was quite a tough job. We put forward 10 names to the Secretary of State, any of whom I feel would be outstanding contributors to the board. That process is nearing its end. We can expect an announcement within the next couple of weeks—I certainly hope so, because we have a shadow board meeting planned in the middle of next month.

What we looked at was expertise in relevant areas. We are not going to second-guess the professional staff on legal questions or on the economic issues, but I would like people who can interrogate the staff on those matters and who can be sure that the reasoning is robust. Other considerations, though, have been a knowledge of the different parts of the United Kingdom, because that is critically important, too, and an understanding of the way the economy works from all sides, if you like, a broad representation of that. We have welcomed applications from people whose background may be in trade unions, people whose background may be in business organisations or consumer activity. We had applications in all those areas.

What I would stress is that the board members are there as individuals. They are not there as delegates from a sector of the community or a region of the country. They are there to make normal board judgments on a proper governance basis, not to represent the interests of business or workers or Scotland or Wales or anything else. The interest has to be one of overall balance and they have to be able to make a judgment as board members on those questions.

Q79 **Anthony Mangnall:** Thank you very much. What date is Mr Griffiths likely to be starting? Also, who is going to end up making the final decisions about what recommendations the TRA should be making to the Secretary of State, and what role is the board going to play in that decision-making process?

Simon Walker: I believe his start date is technically 1 January, but I would say we are already involved in discussions with him. Obviously, he has been extremely busy over the last few months, as you can imagine, but he will be able to be in detailed discussions with us over the next month. He has talked to Satjit already and there is an exchange of views and knowledge. That is all in place. I am sorry, remind me of the second part of your question?



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Anthony Mangnall: It was on the recommendations that the TRA will make to the Secretary of State and the role that the board will play in the decision-making process.

Simon Walker: The recommendation certainly comes from the professional staff to the board, and the board then considers it. What it considers is the robustness of the argument and the solidity of the legal or economic position that is taken. If we are satisfied with that, the recommendation goes on to the Secretary of State. It is not as if we are going to be saying, "The professional team says this is a case of anti-dumping but we don't like that." We are not going to second-guess them. This will be an investigation that has taken a year, probably, and I do not think a board can pick that to pieces and reinvent it. What it can do is say, "Are you sure of this? Are you certain of that?" If we are, it will be passed on to the Secretary of State as our recommendation.

Q80 **Anthony Mangnall:** I have one follow-up on this. It is very exciting and very good news that you have had so many applications to join your board. What mechanisms might you be putting in place to review that board over time and to make sure not only that the board is adhering to the mandate you set it, but that it is delivering value for money, if I may put it in that way?

Simon Walker: We will certainly have an informal board review every year, and I would hope to have—as all good boards should—a proper, thorough external review probably after three years. It is very much over to the Secretary of State how many board members she wants to appoint. She could appoint up to five, but she may not do that. I think that is probably a good thing because I think board members should be a little staggered so that their terms do not all expire at once. If she appoints fewer than that, we are in a position to add others in the course of time.

I should stress that there will be other important committees. There will be an audit and risk committee. There will be many people who are experts in their field whom we will stay in touch with—economists, lawyers, academics—who have a lot of advice to give us. We intend to set up groups that we can talk to and get advice and input from.

Q81 **Chair:** You said that you want people not to represent particular sectors but to look at balance overall on the piece, so what would that mean if there was a tension? There are liable to be tensions arising. How is that balanced out when, say, somebody on a regional issue in the north of England or even over the border in Wales has a tension and wants to go somewhere, and maybe a south-east of England issue then overrides? Where is that resolved? Is it resolved by geographies or is it resolved by money? What is the guiding star overall?

Simon Walker: Chairman, you have put your finger on the biggest challenge for the organisation, which is the application of the economic interest test. It is one that will be assessed very carefully, precisely because of the regional considerations that you mentioned, but also the fact that businesses are consumers as well as producers. If an



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antidumping measure is taken up on behalf of one industry, that may adversely affect half a dozen industries downstream that rely on those materials for their production.

There are real dilemmas in all of this. The economic interest test is carefully defined in the legislation and it is something that we will try to apply absolutely fairly and without any kind of bias at all and with complete transparency on our reasoning. It does allow special consideration to be given if a region or a sector of the community is going to be particularly damaged by something. There is a degree of flexibility in there, but it is important to say that we will be looking to the interests of the United Kingdom as a whole. I am anxious that we hold every third board meeting in other parts of the United Kingdom, and certainly not all in London or Reading. We will be in touch with all the regions of the country and all sectors of the community. But you are absolutely right that there is no easy answer and no magic formula on that. It is something that will have to be weighed up very carefully.

Chair: I am going to go back to that when I come back in a couple of minutes. First Mick Whitley is going to question you on another area.

Q82 **Mick Whitley:** Simon, the TUC has recommended that the TRA should publish information about measures that the UK is taking versus the measures that the EU, the US and other major developed economies are taking. Is this something you plan to do?

Simon Walker: I think a comparative view of how we are doing relative to other trade remedies organisations will always be a good thing. It is the sort of area where we will comment from time to time, I am sure. But I am not sure it would be useful to be compelled to do an item-by-item comparator on how we are doing in terms of various products, because these economies are extremely different and the approaches to trade remedies are also very different.

The United States can be quite arbitrary in imposing measures—banning all imports of steel from abroad, for example—which is something the UK does not do, and that is not envisaged here. The European Union has a very different economy in many respects. So I do not think that an item-by-item comparator would necessarily be productive.

Of course, we are going to be measuring ourselves against those organisations in terms of our efficacy and the results of what we do. We will look to examples from other countries, but recognising that things are very different in terms of national approaches to how you see imports and free trade.

Q83 **Chair:** In the nuts and bolts, Simon Walker, looking at the UK as a whole, the Bank of England is meant to look at the UK as a whole, but outside the south-east of England the Bank of England has for decades run a policy that keeps the economy of the south-east of England bubbling nicely. That has been its guiding principle, probably because the factors coming into that are so large in the south-east of England. Many of the rest have suffered a permafrost. Most notably you can see with



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Ireland getting out of its orbit the difference that has made to Ireland. Often people are then told they are remote within the UK, but when we look at other places and territories further north and further east, it is not a function of geography at all; it is a function of policy levers. What is going to stop your organisation being a clone of that sort of behaviour?

Simon Walker: I intend to make sure that we are not. Half of all anti-dumping measures at the moment are about steel and there are other products that are spread around the country, mainly not in the south-east of the United Kingdom. It is important to stress that we are about very specific issues. We are about dumping, we are about unfair subsidies, and in very specific circumstances we are about economic safeguards against an unforeseen surge in imports.

We are not a broad policy tool that can be used to achieve general ends. If one looks at the Government's levelling-up agenda, I recognise it and there are many tools that can be used, but I am afraid dumping is not one of them unless there is actually dumping. Unfair subsidies cannot be used unless an unfair subsidy of an overseas product can actually be proved.

We are going to be quite strict in our interpretation of applying the legislation and that is it. We cannot be free roaming in what we do. The legislation is pretty specific. Having said that, I intend to give a lot of attention to regional interests throughout the United Kingdom. I hope we will open and keep open strong dialogues with the devolved Administrations, with the regions within England and with communities outside the south-east, because I am very attentive to the bias in decision making and policy thinking that you refer to.

Q84 **Chair:** Thank you. If I can go to Satjit Singh now about the transition reviews, not all the trade members of the European Union will be transitioned to the UK, and the DIT has implied three criteria to make an initial determination for a trade remedies measure. The measures, as I am sure you know, are laid out. Those measures could affect, I am told, at the end of the Brexit transition—a press report has noted that, for example, Brompton Bicycles Ltd and Frog Bikes could be undercut when the existing EU tariffs go on cheaper Chinese imports, of up to 48.5%. How many other companies in the UK are going to be exposed in the way that Brompton Bicycles might be by the difference from your organisation versus the European Union?

Satjit Singh: Chair, as you said at the start, there were some criteria laid out by the Department, and it is something that the Department has done, not us. Those are the criteria that were laid out. We looked at all these measures. First of all, we transitioned those that had a UK interest. There were some things that did not really have a UK interest at all, so we did not go for that. Then we looked at the ones that had a UK interest and we had a call for evidence. The call for evidence then decided, looking at the results of that, whether or not it was something that we wanted to transition over and, therefore, have a review.



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Specifically about Brompton Bikes, I understand where you are coming from there, but it did not make the cut, the cycle industry. However, if the cycle industry were to come back to us with some evidence and say that there is evidence of either dumping or unfair subsidies of any kind, we would definitely look at it again. They have the opportunity to present their case. Clearly, on the evidence that we have at the moment, that did not make the cut but that does not preclude them from coming back with further evidence and we will definitely be open to looking at that.

Q85 Chair: A risk I am seeing here is companies such as Brompton or whoever have to be quite proactive. It is a resource ask on them at the moment at the time of Covid. You sound a bit more standoffish. As an organisation, they come to you, they come to your court, they make their case at your court. The reality is if this is wrong and if Brompton Bicycles in the pandemic are undercut and damaged and go out of business—heaven forbid—they will not come back in a hurry. You could be damaging quite a lot of areas of UK business.

You could make the counter-argument and say that UK consumers will get cheaper bikes from China, but that is handing a manufacturing advantage to China. Perhaps that is what is trying to be achieved, I am not certain. You are aware of that sort of danger that companies might not have the wherewithal, with every other challenge they have at the moment, to go and ensure they are making their case in the court of the Trade Remedies Authority?

Simon Walker: I am very sympathetic to what you have just said, but we have no power to initiate new cases in the absence of an application. That is the fundamental thing we need to recognise. I have great sympathy with what you have said—that it will give Chinese manufacturers, to take an example, an advantage to be able to export to this country—but we have no other powers. We can only respond when people apply to us to put in a trade remedy. We have no power beyond that.

Q86 Chair: I have to say that is very fair of you to respond in that way. The problem that often I see in the UK, whether it is Ofgem or Ofcom or whatever, is there is a Government Department and there is an arm's length body and there is a cordon sanitaire that is maybe a little bit too thick between both sides for the communication to run quite well. Can you alert the DIT that the criteria it has set you basically handcuffs you, risks companies, and maybe it should think about setting a different lock on the handcuffs? Or are we stuck with something that somebody in DIT maybe rushed out some afternoon, maybe written at a junior level and approved all the way up but nobody thought of revising it, and now maybe Brompton Bicycles will be at risk as a result of that? How much can you feed back into DIT to say, "Hang about, DIT, you may have this wrong, you may want to think about this and we may want to do something differently here"?

Satjit Singh: At one level we are talking about independence for us in carrying out our investigations. Secondly, we are, as I said previously,



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bound by legislation, so we can only act according to the legislation. Like all ALBs, I am sure they have regular contact with their sponsoring Departments.

Q87 Chair: Please do not take this personally, or take this about your organisation specifically; it is general. At one moment you say you are an independent organisation and then the next you are bound by legislation. The two seem to be contradictory, that you are bound by legislation and an independent organisation. You are not as independent as it might sound to some ears. You have a narrow area of scope where you can act. If you are independent in a narrow area, how independent are you?

If you see, for example, something not happening and companies going under, you are not independent enough to do something about that because of the criteria you have been set. Do you see what I am saying? I get your point and you have had sympathy with the point I raised about companies being undercut with the Chinese. Given that you are an interim chief executive, you might have a bit more latitude. Do you see a frustration or at least a tension between those two areas that maybe the UK Government are not addressing fully, when they have arm's length bodies that are in one breath independent but in the next breath bound by legislation?

Satjit Singh: Let me just clarify the independence. The independence is independent to carry out our work without interference from politicians or the Department. We are not yet the TRA but, from what I have seen in the last few months, there has been not even the slightest suggestion of anybody interfering in any one of our cases. In that sense we are independent.

As far as complying with the legislation, it is like a term of reference. That is how we are set up. We are set up to comply with certain legislation and that is what we are doing. Anything beyond that, as far as setting policy is concerned, is a matter for the Government and the Department. I understand where you are coming from, but I do not think that is compromising our independence because nobody is interfering in the casework that we are doing.

Q88 Chair: It is a chicken and an egg argument. We can both understand that. My only concern is that you guys who are maybe closer to the coalface will maybe see that some companies cannot deal with this. Who reports back, who is policing and looking after the fact that not transitioning all the EU's trade remedies to the UK may indeed damage UK companies and put them out of business? This is something that I am trying to push at the moment and I do not think we are going to find an answer here this morning, because ultimately what we are all going to have to say is the Government have set certain criteria and there is not a lot you can do about the criteria. Would that be right?

Simon Walker: May I just respond, Mr Chairman? You are quite right when you say our remit is fundamentally narrow. It is about trade remedies, period. But we are independent—



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Q89 **Chair:** Which are different trade remedies from the EU trade remedies. There are EU trade remedies and there are UK trade remedies, and these are different criteria in different areas.

Simon Walker: They are not fundamentally that different; they are just about different types of economy and sectors. The EU, for example, has a large tariff on the import of tangerines from outside the EU. Britain will not have any duty on tangerines because there are not any tangerine trees—

Q90 **Chair:** No, but in this case the EU is more protective of Brompton Bicycles than the UK is going to be.

Simon Walker: I do not know that that is the case because there has not been, as far as I know, an application to the EU from Brompton Bicycles. What I do know is that the EU has the general tariff on electric bicycles of up to 48% for EU consumers. The average price of a bicycle imported into the EU is £370, so it is not Brompton level. Most electric bicycles are vastly cheaper than Brompton's. Do we want to put them out of range for normal consumers, who might be able to afford a few hundred pounds for a bicycle but probably cannot afford a couple thousand pounds for a very upmarket Brompton bicycle? That is an open question and there is a balance to be drawn there.

Our remit is very precise: is the product being dumped, is it being sold at less than its market value to this country, and is that contrary to the economic interests of the United Kingdom? Those are the questions we have to answer and report to the Secretary of State on.

I know a bit about the origins of this legislation. It was drawn up over a long period with very considerable senior ministerial input. It was not dreamed up by a civil servant on an afternoon. It was very carefully considered and Parliament has handed down very thought-through legislation. But you are absolutely right to say that the task is a precise one. We cannot roam freely to see which industries are being affected unless they come to us, which they are very welcome to do, and say, "This is the problem we have, these are the imports that are damaging it, we suspect they are being dumped, here is the evidence, please consider our application." At that point we can launch an investigation but we need that to happen first. There are very specific criteria, most of them laid down by the WTO, about the standards that have to be met.

Chair: You are right and there are principles behind that of subsidies and dumping. There are then criteria from Government, but the criteria are different between the EU and the UK. That is my point. The tension, of course, as you are saying, is consumer prices versus companies continuing. Therefore, we shall see over time which way that goes. I do not think we are going to resolve it this morning and we are taking quite a bit of time on this.

I will move on to Taiwo Owatemi, who is patiently waiting by as we discuss the relative price of bicycles as an example in business and industry. Taiwo, if you could pedal us somewhere else we would be



grateful.

- Q91 **Taiwo Owatemi:** My question is for Mr Singh. We have heard from industries that transition reviews are both expensive and time consuming for industry. In order to support them, when do you plan to publish a timetable for the completion of reviews?

Satjit Singh: We have not published a timetable but we have taken up these transition reviews in the order in which they are expected to expire. We have about 43 cases that will expire over the next five years and for each year we know how many of them are going to expire, so we are taking them up in that order. That is probably the most efficient order in which we are planning to take them up.

We have also, to help industry, tried to make sure that if there are four or five cases coming up in a particular industry that we phase them so they are not all burdened at the same time. There are lots of requests for information. We have tried to make it easy for industry in the circumstances, and we recognise the burden there is on industries during this time of Covid.

The last thing we have also tried to do, working with industry on that, is wherever possible we have tried to be very accommodating about giving them extensions as far as submission of information because we appreciate that it has not been easy and they need some more time. As long as we are able to contain it within the overall timescales, we have tried to be accommodating to industry.

- Q92 **Taiwo Owatemi:** That is very good, but do you not think that if you are able to provide them a set timetable, that gives them the time for them to try to organise themselves so that they would not even need an extension?

Simon Walker: First of all, it is public knowledge which particular reviews are coming up in which particular year. It is public knowledge so people can easily draw conclusions about when they are expected to submit the information. We also have a pre-application office that guides people as to what information is required for things, so people are well prepared before they decide to submit an application for a new review, for example, if that is what they want to do.

As far as transition reviews are concerned, we are being as accommodating as possible. People know which transition reviews are coming up in which particular years, so people are able to prepare in advance based on that information, because that is what is guiding us in terms of timetabling our reviews.

- Q93 **Taiwo Owatemi:** With regard to the support you are providing with industries, what role is the TRA playing in upskilling industry so that they can engage with trade defence work?

Satjit Singh: I mentioned the pre-application office. Our pre-application office is already open for business for new applications. People have been engaging with our pre-application office on a confidential basis because



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we do not release the names until we have decided to initiate a particular review. That is where we are educating and working with industry and explaining to them what is required. It is not something to be embarked upon lightly, because it takes a lot of effort to do. That is where the education comes in, to explain to people what sort of information we will be requiring of them, when, at what stages of the review we will be requiring this information, and so on. That work of education is happening as we speak.

Q94 Taiwo Owatemi: Thank you. I want to talk about UK SMEs. We know that they are facing unfair competition from cheap imports and the fact that they can no longer rely on EU trade remedies or the knowledge and expertise and experiences from EU-wide association. What support and advice is the TRA giving to UK SMEs?

Satjit Singh: If they wish to bring an application forward for trade remedies, I talked about our pre-application office. Our pre-application office works with small and large industry to be able to help them to do that so they understand what is involved and what they can hope to achieve with that. Having said that, I want to say that trade remedies is not a short-term solution to a short-term problem. We need to look at it far more deeply than that. But as far as support to SMEs is concerned, it is available through our pre-application office.

Q95 Martin Vickers: My questions are for Mr Singh. Will the TRA be working with HMRC to ensure that tariffs are enforced, and what role, if any, will the TRA have in anti-circumvention work?

Satjit Singh: To clarify the respective roles in trade remedies, our job is to carry out an investigation and recommend trade remedies where appropriate. The Secretary of State decides whether to accept our recommendation, and then it is for HMRC to administer and enforce those trade remedies. I want to set out our role in context. Sorry, can you repeat the second question?

Martin Vickers: It was about the anti-circumvention work.

Satjit Singh: Wherever it is possible we will be looking at the effectiveness of our measures, but we also recognise that, as a result of some of these trade measures, sometimes trade flows may change. We are not resourced and it is not something we do to actively monitor the impact of this. Very often and very likely it is the industry that is affected that will have information to say that they are being affected by this, or the trade remedies are not working. If they bring that evidence to us, we shall certainly look at it to undertake what is known as a circumvention review.

Q96 Martin Vickers: So there is no organisation taking an overview? You are entirely reliant on the individual business sectors to come to you?

Satjit Singh: They will probably have the best source of information. They will see whether or not they are continuing to be affected or not. They are the people who are going to be affected, so they are more closely aligned to having that information. If they come to us and say,



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"Look, despite the fact that you have done this, this is what is happening", and they provide us with the evidence, we will definitely look at that, and if we think it is appropriate we can look at a circumvention review.

Q97 **Martin Vickers:** Very good, thanks. Mr Walker, do you have any comments on this?

Simon Walker: What Satjit said is absolutely right. Fundamentally, it is for HMRC to enforce these matters at our borders. Obviously, we will pass on any information we receive. But if a product is being dumped, there is a measure against it, and if that is being circumvented via a peculiar route, it is very likely that it is the competitors of that product that will find out first, because they hear about customers buying X instead of Y. Industries will be in a position to come to us quite quickly and say, "You imposed that measure, but they are getting around it that way." Circumventions do happen. That happens in other countries, too. It will need to be watched for.

Q98 **Lloyd Russell-Moyle:** The British Ceramic Confederation have said that the UK trade defence regime is likely to result in lower duties being applied than the EU system. In particular, they mention the lesser duty rule. They mention insignificant account being taken to regulatory costs when counting the injury of margin, and that is not taking into account that the EU funds a lot of the trade associations, so they do not have those costs to contribute either, and do not require bench-marking data on countries abiding by the International Labour Organization rules so, therefore, of course, creating a system where labour standards are directly resulting in a trade differential in terms of costs of production. Mr Singh, are you familiar with these concerns and do you plan to do anything about them?

Satjit Singh: I am very familiar with these concerns. Let me just pick up on some of the things that you talked about. You started with the lesser duty rule. The lesser duty rule was something that the EU applied for the last 50 years, and only recently, not that they do not apply that rule, but in certain circumstances they do not have to apply that rule. They continue to have that on their rule book as well; it is just that they are not bound by it in all circumstances. We have chosen to say that it is the lesser duty rule because we have seen evidence, the Government have seen evidence, that there is no suggestion that if there are trade remedies that are maybe lower than somewhere else there is any unfair increase in goods coming into the market. Just the fact that you have trade remedies in place seems to be a deterrent.

You also talked about the regulatory burdens, and let's take labour standards, and so on, as being part of that as well. First of all, let me explain that if we were importing from a country such as India or Bangladesh, where they may have lower labour standards than us, frankly they would be selling their goods cheaper in their domestic market as well, not just in their export market, because they have lower costs because of that.



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That would not be what I would constitute as dumping, because dumping is when they are dumping goods at a price lower than they will sell in their domestic market. Their low prices arise from the fact that they have lower costs. The Government have taken a view that trade remedies are not the way to address issues of, for example, the environment or labour. The Government are very committed to working on these, but they do not believe that trade remedies are the tool for that.

Q99 **Lloyd Russell-Moyle:** I understand that might be the Government's view, but my understanding is that the EU does include a consideration of bench-marking data according to the ILO. We are not just talking about lower labour standards, we are talking about when companies use bonded labour, or in China there is effective slave labour of Uyghur Muslims, and things like this. When you might be putting in a case generally around dumping of steel, for example, you could calculate that as an additional cost. We have decided to explicitly remove that as a calculation, and therefore we do not take into account things like bonded labour and slave labour. Is there not an inconsistency if the EU, our next-door neighbour, is calculating these things, and therefore making remedy costs, and we are not? Does that not disadvantage our industries?

Satjit Singh: I have a lot of sympathy for what you say, but all I can say is that this is a Government decision, and we have a remit that we have to carry out. Our remit includes dumping, subsidies, and an unfair surge in imports. We carry that out with the best possible standards, in the best possible way, based on the evidence that we have.

Q100 **Lloyd Russell-Moyle:** I guess that is the crux of my next question: how much discretion do you have on these issues, or is your view defined in legislation? Where you do have discretion, will you use it to try to alleviate some of the concerns of, for example, British Ceramic?

Simon Walker: Could I come in?

Lloyd Russell-Moyle: Yes, go on, Simon.

Simon Walker: I have total sympathy with the points that are being raised. I think these questions are extremely important, and issues such as child labour, bonded labour, prison labour, exploitation of Uyghurs—and I would also add environmental standards—are all huge issues. But the Government's decision is that trade remedies are not the way to enforce them. Other measures will be taken, and Britain, I believe, is deeply committed in all those areas.

I would question whether the EU has ever overruled a trade remedy finding about dumping or subsidies on the basis of environmental or labour concerns. I do not know of a case where that has happened. There is an extent to which, when one is comparing a domestic price with a foreign domestic price, these questions can be raised. If a country has cheap prison labour, if it has child labour, that will be reflected and we can, in what are called "particular market considerations", take that into some sort of account.



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Fundamentally, our job is really clear: it is about whether the product is being dumped—whether it is sold below market cost. I strongly believe that every measure must be taken in diplomatic terms to stop these disgraceful practices, but they are not trade remedy matters. I think it would be very dangerous to have arm's length bodies such as ours freelancing across a whole range of policies that we believe in, that have great justification, when we have a lot of work to do in an area that is quite tightly confined—dumping, subsidies, and economic safeguards. I think we ought to confine ourselves to that, which is really the mission that we have been given. It is far more dangerous to see an organisation straying out of the parameters that Parliament has given it.

Q101 Lloyd Russell-Moyle: You indicated that there is some ability to take some of that into account. Have I interpreted you correctly? The issue is not about whether they have used cheap labour standards. If you have used free labour, effectively, because you have used prison labour, compared to what that labour would have been if you had to pay your local labour, for example, to produce it in that domestic market, we are talking about a form of Government subsidy and, therefore, potential dumping, because they have effectively not had to pay labour via Government enforcement.

Simon Walker: I am not an economist so I cannot declare on a particular situation, but if a Government gives out something free to a particular industry, if it gives it free land, free labour, or free anything else, it is possible to interpret that as a subsidy. That will have to be worked through, but if the economists and analysts find that it amounts to an illegal subsidy in WTO terms, then there might indeed be scope for it to be considered in that field, as I understand it. But I have to say that is quite a remote contingency. I do not think one should be looking to trade remedies to solve what are terrible problems. They are greater, in many cases, than what we are addressing.

Q102 Lloyd Russell-Moyle: I take that point. Thank you very much. I want to raise one thing from earlier on. A number of the organisations have said that the cost of engaging with you is very great and it is difficult for small organisations to engage with you. The EU, we know, helps fund some of those trade bodies and organisations so that they can do the work. Is there any consideration about you funding and supporting those trade organisations here in Britain so that they are able to do that work for companies and organisations?

Simon Walker: There is a real problem here, because if you have an industry that was previously one of 28 members of a Europe-wide association, obviously the legal and advisory costs were shared among 28 member organisations. I am afraid WTO rules say the same level of evidence is basically required for one in one country. I am afraid it is a natural consequence of Brexit that this is happening and there is not a great deal we can do about it.

Satjit has referred to the pre-application office, which will do all it can for organisations that are having difficulty, but he also said, and I think he is



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right, that this is not to be entered into lightly. An anti-dumping claim is a big effort. It should, under guidelines from the WTO, take around a year to complete. It will have considerable legal and economic advisory input. It will need that if it is to succeed, because we cannot make a judgment if we do not have the information. The WTO does not allow us to do that. Having said all that, one of the cases we are looking at is about rainbow trout and frozen rainbow trout from Turkey. We are talking about tiny producers here in this country. That is not steel.

Q103 Lloyd Russell-Moyle: Yes. I was trying to make the point that the European Union gives grants to these trade bodies for them to be able to conduct some of their work. I know that because I sat on the European co-operatives body, for example. It is not only a case of pooling the resources that you talk about, but the European Union gives these trade bodies resources so they can employ lawyers, and they can employ people to do that work for those smaller industries particularly. Is there consideration that needs to be taken for the UK TRAs to give grants out to those specialist industries so they can employ the lawyers and the specialists to be able to make those claims when they need to?

Simon Walker: That is a matter for other people in Government to look at. I would say that I think most trade associations have shown themselves pretty capable of delivering powerful arguments; certainly the ones I have met have.

Chair: That was a fascinating and interesting exchange from both of you. Thank you very much for that. Mark Garnier, we want to take you in next.

Q104 Mark Garnier: Simon, I will come back to you on the economic interest test and what a potential nightmare this possibly could be. One of the things that is very interesting is that the economic interest test is not something that has ever been required under WTO law, yet this British Government have decided that it is a good idea. Personally, I agree with them. It does mean that there is a potential of this being quite a political opinion on your part, and I would be very grateful if you could give an outline about how you can come to a decision that is not political in its outcome.

Simon Walker: Our economists—which is what I am fundamentally talking about—our economic analysts, are going to have to weigh it up in as objective a manner as possible. That is looking at numerous interests, such as consumer interests and downstream industry interests. If there is a measure imposed on steel, what will the downstream consequence be for automobile manufacturers, for example?

We are allowed to take into account the special impact it may have on regions of the country or on a community group. If a tariff were proposed about wheelchairs, we could take into account the fact that that will disproportionately affect disabled people. One has the ability to look at those facts. We will want to keep a pretty tight rein on that and be as objective as possible in weighing up questions like the financial impact,



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the impact on jobs in particular regions, and try to come up with a recommendation that is in the interests of the country as a whole.

Of course, you are right, there are political dimensions to it, and that is why the Secretary of State has the right to overrule, ultimately, our recommendation. If we recommend a measure and if she applies a public interest test, or feels that it is not in the public's interest, she can overrule it. She has to lay down her reasons to Parliament, but that is her absolute right.

Q105 Mark Garnier: It is very difficult. Ultimately, the Trade Remedies Authority comes up with a recommendation, and that is the recommendation. Then if the Secretary of State does anything different that is the political decision. Do I have that right?

Simon Walker: She can overrule our recommendation. If we suggest that a duty of X should be imposed in a dumping case on this product, she can say, "I hear what you say about the economic interests or other interests in this particular area. I see your reasoning. I feel that the public's interest, the consumer's interest, for example, outweighs that. I reject that." She has to account for that to Parliament.

Q106 Mark Garnier: You have mentioned the steel industry on a number of occasions. This is obviously a hot potato in the whole of this thing. If you take something very uncontentious, like frozen trout from Turkey, and somebody starts dumping frozen trout into the UK, then all our trout farmers will be affected by it. They can raise a complaint, and everybody analyses it, and it can be seen as dumping; it can be seen as very straightforward. The problem with the steel industry, and this is where it becomes incredibly complicated, is you have highlighted the fact there could be downstream industries that could benefit massively out of it. You cited the car industry, but a few years ago we had reinforcing rebar being dumped by the Chinese. That is great for the construction industry, it is great for consumers because they get their houses cheaper, and so on, so there are a lot of good things that can happen out of that. I completely understand that is a relatively simple economic test to make, and you look at all of that sort of stuff.

Here is the bit that is really difficult. If you quickly google the UK Government's subsidies to the steel industry, you can see countless examples of times where the UK steel industry has been subsidised by the Government. Broadly, and in very simplistic terms, where there is so much competition from other countries, such as Ukraine, where labour rates are cheaper, you can get cheaper steel elsewhere. The reason they need to be subsidised every now and then is the simple reason that we want to have a standard of living for our workers across the whole of the country to enjoy. Therefore, you need to pay the minimum wage or more for steel workers. That is why it becomes uneconomic to produce steel at a certain level in the UK, and that is why you have Government subsidies. Would you in the Trade Remedies Authority ever be in a position where you would take into account Government subsidies into an industry like the steel industry when assessing that economic interest test?



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Simon Walker: I do not know the answer to that question, and I would have to take advice on it. I think the answer is probably not, that we have to make an economic calculation, but I really had best take detailed advice and come back to you. You are absolutely right that steel is the big area for all these considerations, and the consequences are significant. I know we will be weighing all that up very carefully and precisely, because of the downstream as well as the production interests in this country. At the moment, the only safeguard measure in place is about all steel products, and that, I think, expires in the middle of next year, so we have to come to a view on that. Steel is going to be very much a focus of what we come up with. The treatment of the UK subsidy is something I would need to ask our economists and lawyers about.

Q107 **Mark Garnier:** It is certainly worth asking that question. Oliver Griffiths has been appointed; he is very good. I know Oliver Griffiths reasonably well. I find him to be outstanding, and I agree with your appraisal of him. If I was him, I would be worried. I would be lying awake at night. He does not look like the sort of person who lies awake worrying about things at night, but if he did, I would worry that a Government—not just this Government but any Government in the future—can use an adjudication under the economic interest test for a political outcome. The steel industry example is a very good one, where that independent report could talk about all of this sort of stuff and then come to the conclusion that the subsidies have an effect on all of this and, therefore, ultimately the decision could be made to stop subsidising the UK steel industry. I do not have any inside track into any of this, but it does begin to put the TRA into a highly contentious political arena. I wonder whether all of you have understood that, or if you are worried about it, or if it is not something you have thought about yet. How do you feel about the potential politics of all of this, which could be very ugly?

Simon Walker: I am concerned about that, and I do recognise it. What I would stress is that we have to find dumping or unfair subsidy, and those are measured in economic terms, and we have to find that before we can take a measure forward at all. We cannot simply take it forward because we think there is a public interest there that outweighs it.

The other point I will make is that we are not against competition; we are in favour of competition. We are against dumping and against unfair, illegal subsidies. That is what we monitor. We are not there to stop competition, as such. Like everyone else, we like competition. We think competition is a good thing. Other countries may have lower wage levels, for example, but if the product is not being dumped then it is not being dumped. But the dilemma is real and is going to be tested, which is why we need really top-quality people in the Department and in the organisation, and I think we will have them.

Q108 **Mark Garnier:** Yes, as I said, if Oliver Griffiths is doing it, I am happy. The point that Lloyd Russell-Moyle was making a little bit earlier about the offensive actions by other countries—for example, using slave labour in Xinjiang and that type of thing—slightly blurs all of the arguments. At the one end there are outcomes-based trade deals, where you can say,



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“We will do a trade deal with you as long as you move towards X, Y or Z in environment, human rights, law, whatever.” Of course, I really agree with you, but it would be crazy to then start dumping the policing of that type of trade deal on the Trade Remedies Authority. But it then moves through the state aid point and comes over, of course, to the economic interest test. When you start analysing all these things together, it becomes rather tricky trying to disassemble them all, because they are so closely interrelated. I will not necessarily ask you for a comment on that because I think we are probably drawing you, unless you particularly want to give a comment on that.

Simon Walker: I am sure you are right. This is what is intellectually and economically so challenging about the organisation and why it is really crucial that we get it right, because a lot of people are going to be watching us, a lot of industries are going to be affected, and we have to be sure of what we are putting forward to the Secretary of State.

Mark Garnier: Bear in mind that you may also find yourself rather unpopular, where, for example, as you say, the car industry may struggle because it cannot get the cheap steel from China when you guys are the ones who turn around and force them to buy slightly more expensive steel from Redcar, for example. By the way, I do not have it in for the steel industry, but it is a very useful industry to use as an example. Simon, thank you, and thank you for all the work you do, and thank you to all your colleagues.

Q109 **Chair:** Thanks very much. We are coming to an end. Thank you both for your time this morning. There is a question that comes to my mind often in trade areas and Mark Garnier has sparked the point again today. Simon, the logical point—and allow me to use “logic”; it might be the point of ridiculous, but let’s just go for it for a moment—is that if you can out-compete and you are not unfairly subsidised, you can replace any indigenous UK business or industry.

There is a secondary point, and that is security, often mentioned. I am here on the west side of the Hebrides at the moment, and 70 or 80 years ago there was a war raging. Boats and people and bodies were coming ashore here from the Atlantic convoys because the UK and western Europe was exposed, and it was exposed in food. I am sure that in and around Brighton, Fylde, Wyre Forrest, Cleethorpes, Liverpool and everywhere else, there are signs of steel having been taken off railings and off roadsides because there were shortages.

My question is about the security side. Competition is often a mantra. As you said, that is good, but sometimes competition leaves you exposed. You think of the day-to-day and you do not have a longer-term strategic view that, for example, a farmer may want to have for his farm, but a governance should have for the country. You are in danger of losing an awful lot of things and being at the mercy of that one-in-80-year event that you do not have the capacity in your country to produce the food or produce the steel, which means that shipping convoys could be interrupted, as we saw. I wonder where that thinking comes into your organisation. Does it come in? Can it come in? It is an open question, and



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it is not a question that I am going to push with arguments, but a question of the philosophy behind an awful lot of what happens. Do you have a view on that, Simon or Satjit?

Simon Walker: It is a hugely important question, and it is obviously one of the prime questions for any Government. But I do not think it is for us, because in a sense our job is partly delineation. To take the example you give, I am sure that is absolutely correct. Does that mean consumers should be paying more routinely for every steel product that they buy that has no connection with a defence product? I do not think that is a decision for us to make. It is clearly something that the Government have to keep in mind. I think it would be dangerous if we as an authority were trying to second guess the Government in those regards. It might be cleaner for the Government to say, "We need this industry for national security reasons. We will give it this amount of money every year in order to keep it going". That is nothing to do with us. That is a perfectly rational decision, but it is different from saying, "Therefore, all consumers will pay 3% extra for every steel product they buy." The task we have been given is quite specific.

Satjit Singh: We have a provision for what is called the public interest test. We perform an economic interest test, but the Secretary of State can use a public interest test. It is the kind of thing that, for example, if we say we do not want to impose duties on something, she could reject that recommendation on the basis that it is not in the public's interest, and security is a very good example of that. She has the ability to do that.

Chair: Thank you for that, and thank you for showing that is in and around the thinking of the TRA. Gentlemen, thank you very much for being with us this morning. You have very important work to do. We wish you well. We have maybe touched on an awful lot, and jobs and business probably depend on how well you are able to do your jobs, so good luck in the future. Colleagues, thank you all. I will bring the session to a close.