

Business and Trade Committee

Oral evidence: Export-led growth, HC 289

Tuesday 30 April 2024

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Members present: Liam Byrne (Chair); Anthony Mangnall; Julie Marson; Andy McDonald; Charlotte Nichols; Mark Pawsey.

Questions 270 - 348

Witnesses

I: The Rt Hon Greg Hands MP, Minister for Trade Policy, Department for Business and Trade; Lord Offord of Garvel CVO, Minister for Exports, Department for Business and Trade; Rachel Gwyon, Director for Export Strategy, Department for Business and Trade.



Examination of witnesses

Witnesses: Lord Offord of Garvel, Rachel Gwyon and Greg Hands.

Q270 **Chair:** Welcome to this morning's session of the Select Committee of the Department for Business and Trade, where I am delighted that we have two Ministers together with Rachel Gwyon from the Department. Thank you so much for joining us. Mr Hands, perhaps I could start with you. Have you squandered the opportunity of Brexit?

Greg Hands: No, not at all, actually. Thank you, Mr Byrne, for the opportunity to appear before you as Chair of the Committee for, I think, the first time. No, when you look at the record of the Department for Business and Trade, securing free trade agreements with 73 countries, making sure we are the fourth largest exporter and the second largest exporter of services, I think that we have done well since the foundation of the Department and its predecessors.

Q271 **Chair:** On 17 January 2017, Mrs May said, "it is time for Britain to get out into the world and rediscover its role as a great, global, trading nation." We now have the worst trade intensity in the G7. Has the strategy succeeded?

Greg Hands: The data, as I say, shows that we are the fourth largest exporter. We have a record amount of services exports, including to the European Union, and we have done probably more free trade agreements than any other country in the last three years.

Q272 **Chair:** The goal was to cover 80% of UK trade with free trade agreements. That was the manifesto commitment. We are just at about 60%. Do you think we will get to 80% coverage by the time of the election?

Greg Hands: The 80% figure was predicated on a free trade agreement with the United States. That is not going to happen in the near term because the Administration are not doing free trade agreements and have not done free trade agreements with anybody over the last four years. When you think about the more than 30% of our trade that is with the United States, that figure is very much predicated on the US.

We have done the trade agreement with the European Union, the trade agreement to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which is about 15% of global GDP when the UK is in, and free trade agreements with 70 other countries as well. We have an excellent record that the whole Department, which has been working incredibly hard on this in recent years, can be very proud of.

Q273 **Chair:** We have missed the manifesto commitment. Was that wishful thinking in retrospect?

Greg Hands: As I say, it was predicated on the actual data at the time, which remains roughly the data today, and an expectation of being able



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to do a free trade agreement with the United States. Unfortunately, the Administration do not do free trade agreements.

Q274 **Chair:** On 9 May 2016, Mr Johnson wrote, “It is absurd that Britain—historically a great free-trading nation—has been unable for 42 years to do a free trade deal with Australia, New Zealand, China, India and America.” Australia and New Zealand have been done. We have done 14 rounds with India. Are we going to get that deal done before the election here?

Greg Hands: That is a live negotiation. We are in India’s pre-election period at the moment and it is therefore difficult to conclude at present. India has its own pre-election rules in relation to what it can and cannot do on international agreements.

Chair: That sounds like a no.

Greg Hands: I am saying that it is a live negotiation and we will have to wait and see.

Q275 **Chair:** We have done five rounds with the United States. Is that deal making progress? You were there on 12 April.

Greg Hands: There has not been a further round since the change in Administration in January 2021, more than three years ago.

Q276 **Chair:** It was mooted that if the US deal did not come off, we would apply to join the USMCA. Are we going to apply to join the USMCA?

Greg Hands: There are no plans to join the USMCA. We are doing a number of state-level agreements across the United States. We have secured eight of those with individual US states—with South Carolina, North Carolina, Indiana, Florida, Texas, Oklahoma, Washington state and Utah—and we are in negotiations with three other states: California, Colorado and Illinois. We are in a good position in our state-level strategy with the United States.

Q277 **Chair:** Both Boris Johnson and Mrs May mooted the idea back in 2016 and 2017 that China would be one of the targets for a free trade agreement. Are we likely to enter into negotiations for a free trade agreement with China?

Greg Hands: There are no plans to do a free trade agreement with China.

Q278 **Chair:** If China applied to join the CPTPP, I think you have said to the House that that is not something that we could opine on without consultation with our partners. Is that still your position?

Greg Hands: When it comes to new parties joining CPTPP, the UK very much signs up to what are called the Auckland principles, which are the three principles when looking at new applicants to CPTPP. First, prospective parties must match the high standards of the agreement—CPTPP is a very high-standards free trade agreement; secondly, they



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must have a track record of abiding by international trade rules; and thirdly, they must command the consensus of the CPTPP members. Those are the Auckland principles, which will be applied, as they were to us, to all future applicants of CPTPP.

Q279 **Chair:** We have done six rounds now, I think, with the GCC. Is that deal going to get done before the election?

Greg Hands: That is also a live negotiation that the Secretary of State and I are engaged with on a regular basis. We met the GCC Trade Ministers just before Ramadan at Abu Dhabi, in the sidelines of the World Trade Organisation ministerial conference. Talks are ongoing and we hope to secure what I think will be a very good free trade agreement for the United Kingdom. We do a lot of trade with the Gulf. It is one of the regions where the UK really punches above its weight. A lot of investment comes in from the Gulf of course as well. We are looking forward to doing a really good agreement with them.

Q280 **Chair:** Will that be done before our election?

Greg Hands: Again, it is a live negotiation. We will have to have a bit more patience, Mr Byrne.

Q281 **Chair:** We will not hit the 80% target and the US deal will not happen. The China deal has not started. USMCA is off the table. We are going to wait and see on GCC and India. That is the summary.

Greg Hands: I would add to that the fact that this country has actually concluded more free trade agreements with more counterparts more quickly than potentially—

Chair: They were rollovers, I think.

Greg Hands: There are 73 countries in that. That is a very significant achievement.

Chair: They are mainly cut and paste.

Q282 **Julie Marson:** On the US side again, I am trying to get a bit more background on what is happening behind the scenes, if anything. You quite rightly said that the US has not entered into negotiations. When Ambassador Tai was asked in a Senate Committee recently about an easy trade agreement with the UK, she said, “there are no easy FTAs”, but she also referenced the UK-Canada negotiations stopping, saying, “because the UK won’t talk agriculture market access”. What were you told when you were in Washington recently? Is it a blanket no? Or is there more going on behind the scenes and messages that the US are picking up from what the UK is doing elsewhere?

Greg Hands: I was actually in the United States the week before Ambassador Tai’s appearance before the Senate. Agriculture is and has been very much part of the talks with Canada. Also, agriculture featured as part of the talks in the US-UK FTA negotiations back in 2020. With



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Canada there were two or three reasons for the talks not progressing. First, there was the failure to roll over the rules of origin on electric vehicles and rules of origin more broadly. Secondly, there was the Canadian ask, if you like, for us to change our SPS rules when it came to beef in particular. Those are the reasons that we put a pause on the talks with Canada but, as you can see, agriculture was very much part of those discussions.

Q283 Julie Marson: Has that had an implications for the US? Are there any discussions happening behind the scenes with the US on potentially reopening negotiations on an FTA?

Greg Hands: The US has been clear that it does not want to do free trade agreements at the moment, but that does not prevent us from having a very active trade policy with the United States. Look at the achievements we have had with the present Administration, notwithstanding the fact that they do not want to do an FTA. We have had the section 232 tariffs removed. We have engaged in the section 301 tariffs very heavily. We are talking with the Administration about a critical minerals agreement. There are other things going on, notwithstanding the fact that a free trade agreement is not going to happen.

Q284 Julie Marson: Lord Frost was here a week or so ago. He was of the opinion that a trade deal was more likely if Donald Trump was elected. Do you share that view?

Greg Hands: Again, we are going to have to wait and see. My experience as a UK Government Minister is that it is rarely productive to speculate on the outcomes of foreign elections, particularly those elections in the United States. We are going to have to wait and see, whatever new Administration forms next January, what their approach might be. I would stress again that we have some significant achievements in our trade relationship with the United States under both the last Administrations. The UK always stands ready to improve that relationship still further. The US is our single largest bilateral trade partner and we are always looking to improve the terms of trade that we have with the United States.

Q285 Julie Marson: Could you clarify something for the Committee? There has been a bit of a difference in communication on Canada. We have said the discussions are continuing; Canada has said they are not. What is your view and perspective on what is actually happening there?

Greg Hands: The discussions have been paused. The Secretary of State and I both met Mary Ng, the Canadian Trade Minister, in Abu Dhabi two months ago, at the end of February. We stand ready to restart those talks, but we need to see a shift on rules of origin and cheese quotas.

Julie Marson: They are the actual barriers at the moment. They are the two areas that are preventing it.



Greg Hands: There is also the Canadian demand, or the Canadian request, if you like, for us to change SPS rules. The Prime Minister's letter to farmers for the last year was absolutely clear that we would not be changing our SPS rules when it came to beef, so that is also an important consideration.

Q286 **Chair:** Can I clarify this? The Secretary of State has said that the talks have not broken down, but you have said that they are paused. What is the difference between a breakdown and a pause?

Greg Hands: I do not think that there need necessarily be a difference between a breakdown and a pause. We stand ready to restart those talks on the assumption that Canada is serious.

Chair: Sorry—there is no difference.

Greg Hands: They need not necessarily be different. I am saying that they are not polar opposites. It is worth bearing in mind that Canada is the only one of our trade partners that has not rolled over those rules of origin.

Chair: No, but I am trying to square this circle. The Secretary of State has told the House that the Canadian talks have not broken down, but you have just told the Committee that they have been paused. I am trying to understand the difference between a pause and a breakdown.

Greg Hands: Something can be paused without it meaning that it has broken down.

Chair: Both imply that they have stopped.

Greg Hands: Something has been paused. That does not necessarily mean that it is broken down. As I have said, we stand ready to re-engage with Canada, but looking at those three things in particular. We need Canada to restore the former rules of origin arrangements and a commitment to resolve the UK's lost dairy access. Our other trade partners—South Korea, Mexico and the EU itself—have rolled over those rules of origin.

Q287 **Chair:** I am trying to understand, in your language, what the definition of a breakdown is and what the definition of a pause is.

Greg Hands: I am not here to provide you with a definitional arrangement.

Chair: We are trying to reconcile the comments from your Secretary of State and your comments. At the moment, we are struggling to reconcile them.

Greg Hands: They are perfectly reconcilable. As I have explained, we stand ready to restart those talks if movement is made on rules of origin and dairy quotas. That is where we stand. We explained that clearly to our Canadian counterparts when we last met with Mary Ng and I think that is well understood.



Chair: That is as clear as mud.

Q288 **Andy McDonald:** Given that talks have either paused or broken down—they have stopped—and there is no agreement being pursued with the US, India is yet to be done and so on, what is your view as to whether the better focus would be on trusted trade rather than free trade? Perhaps you might want to say a little bit about that. We already have significant institutions that we are party to, such as the Five Power Defence Arrangements, AUKUS, the Tempest programme, the EU, NATO and the Commonwealth. Should we be shifting our diplomatic efforts into a trusted trade relationship and developing that using those sorts of bodies? Would that be attractive? If we have stalled and paused free trade agreements, is trusted trade something that you could pursue?

Greg Hands: Could I seek, through you, Chair, a bit more of a definition as to what you mean by trusted trade?

Chair: If free trade agreements are proving hard to sign, which is what we take from your first answers, should we be shifting towards a strategy based on trade diplomacy? Would that yield more with our trusted partners—for example, our defence allies?

Greg Hands: I would say two things to that. The first is that we are incredibly active on trade diplomacy. I use the example of the United States as to the action that we have taken on, for example, removing those tariffs—the section 232 tariffs and others—which were really quite damaging to parts of our steel industry. So we actively use trade diplomacy.

I would also contest with you, Mr Byrne, any idea that we have not been successful in doing free trade agreements. We have done free trade agreements with 73 countries, plus the European Union, plus joining CPTPP. It is a major achievement to be the first country to join CPTPP. We have covered, in the time available—the last three years—since we have had an effective, operating, independent trade policy, a very successful programme of free trade agreements.

Q289 **Andy McDonald:** The commitment to free trade agreements and the pursuit thereof is undiminished. What is the picture in the rest of the world? Is everybody else wedded to this notion of expanding exports and trade by this mechanism, or are they also exploring diplomatic routes that you have described?

Greg Hands: You have to follow multiple tracks. We always have to operate. These are all negotiations and they are all bilateral or sometimes plurilateral arrangements, for example with CPTPP. We always have to operate in, as Geoffrey Boycott used to call it, the corridor of uncertainty as to what our counterpart will want to do. Will they want to do a free trade agreement? The United States at the moment is not negotiating free trade agreements, but we can still do a lot with the United States.



We have done a number of agreements; we have done two bilateral agreements with Singapore, for example. That is a counterpart that does want to do free trade agreements and similar kinds of agreements. We have done a digital economy agreement with Ukraine. We have done a lot of trade agreements over the last three years, but that does not prevent us from also engaging diplomatically, whether it be bilaterally, plurilaterally or multilaterally at the WTO. Our overall approach in the UK is to be a very strong and active voice for free trade, doing agreements in the national UK interest. That is what we have been delivering on, particularly in the last three years since the independent trade policy has been effective.

Q290 Andy McDonald: Can I move on to explore another area? We had the Resolution Foundation before us in our last session and it raised its idea of pursuing services-only trade agreements rather than FTAs, so that we play to our exporting strengths. What consideration have you given to the approach of services-only agreements?

Greg Hands: Under the WTO definitions, a free trade agreement must cover the majority of trade. A free trade agreement will typically need to include goods as well, but we are very focused on making sure that services are included in our agreements—for example, these digital economy agreements and the negotiations on upgraded FTAs.

Let me take, for example, the one we recently launched with Turkey. The existing UK-Turkey deal, which is a rolled over EU deal, does not include services at all, yet we do a huge amount of services exports to Turkey. Making sure that upgraded arrangement would enable us to sell more services into Turkey is very good for our services industries, whether they be financial services, professional business services or legal services—all of these things that the UK excels at. We follow very much pushing to get our services exported. A big part of our Switzerland negotiations at the moment is making sure that services are right at the heart of that agreement.

Andy McDonald: It has to be wedded to goods in your view.

Greg Hands: No, I am saying that a free trade agreement by definition, because it has to cover the majority of trade, will typically have to include goods. I am not saying that we are wedded to that. I am saying that we are very actively involved on services.

Q291 Andy McDonald: Do you reject the notion that there is an opportunity to expand and export more if there were singular focuses on service agreements between nation states for us to export those services? Are you saying that that is not on your radar? It is not on your agenda to pursue services-only agreements.

Greg Hands: We will do what we can, as we do now, to maximise our services possibilities. We are the UK. We are the world's second largest services exporter. We have had really big success across the board in exporting more services, particularly over the last three years. That is a



big part of our trade agreement agenda, but it does not need to be at the exclusion of goods. You want to be doing deals on both together. The digital economy agreements will typically be services focused. It will depend on which counterpart.

Q292 Andy McDonald: I am puzzled by that. If the free trade agreement is being paused, or however you want to describe it, but there are other opportunities on services that you could pursue without those challenges or difficulties in those negotiations, why would you not do that?

Greg Hands: Do you mean specifically with Canada?

Andy McDonald: I mean with any country. I am talking about where you have paused or terminated negotiations right now. Why would you not be open to the possibility of services-only agreements in those circumstances?

Greg Hands: To be absolutely clear, the only counterpart with which we currently have a paused negotiation is Canada. If your question is more broad, I refer you to my earlier answer that services is very much part of our negotiation strategy. For example, I cited the negotiations we are doing at the moment with Switzerland and Turkey for upgraded free trade agreements based on previous free trade agreements that were rolled over from the EU, which did not typically include services.

Q293 Chair: This is the philosophical question that I guess we are getting at. At the time of Brexit, the IMF estimated that there were about 500 trade restrictions introduced by countries around the world. We are now at 2,500. As countries begin derisking supply chains and introducing national security requirements, trade barriers, in particular non-tariff barriers, are multiplying very quickly.

We have gone through the fact that we will probably miss the 80% free trade target. You are not, for understandable reasons, incredibly clear about what deals will get done before the election. Your Department said in June 2023 that it is spending £44.1 million on negotiating trade agreements. In the supplementary estimates, it says that there is £118 million being spent on trade policy implementation and negotiations. The question the Committee has to ask is: given how hard it is to negotiate free trade agreements in today's world, would the Department's resource be better invested in driving through on trade diplomacy, such as the Atlantic charter, given that you may be banging your head against a brick wall in trying to get any more free trade agreements done?

Greg Hands: Thank you for agreeing that the 80% target was not reached for understandable reasons. We are pursuing all of these things. We have an incredibly active trade diplomacy. We have incredibly active work on removing market access barriers. I, Lord Offord, the whole ministerial team and the Secretary of State are engaged on a very regular basis, whether it is in removing a Taiwan bottle code or a Peruvian metals test.



Q294 **Chair:** You have only so much resource in the Department. The question is, “Where is the bang for the buck?” We have taken evidence from, for example, the UK-US chamber of commerce, which says that many of the opportunities that were set out in the Atlantic charter are not being pursued quickly enough. If you have only a certain amount of resource, where do you get the biggest yield? Do you get the biggest yield through driving harder with trade diplomacy or taking, in your language, multiple tracks—which is, from the sound of it, trying to do everything?

Greg Hands: We are not trying to do everything. If we were trying to do everything, we would be literally in FTA negotiations with every counterpart around the world, which we clearly are not. We have an approach that will look at those FTAs. As you have rightly said, we are currently in negotiation—a very live negotiation—with India and with the GCC. We are ratifying CPTPP and making sure our counterparts ratify CPTPP. We are in next-generation FTA negotiations with six counterparts at the moment.

On top of that, we do an enormous amount in removing and reducing market access barriers, and making sure that tariffs are reduced and removed. I mentioned the section 232 activity with the US a couple of years ago. We are very active across a wide range of fronts, but I do not think that it requires a decision to not pursue FTAs. Clearly, FTAs are still being done around the world and the UK is very much part of that. We have done FTAs with 73 countries.

Q295 **Chair:** I do not expect you to have these figures with you, but I would be grateful if you could write to us with a breakdown. Of the £118 million that was set out in the supplementary estimate, it would be really useful for the Committee if your officials could disaggregate that amount into how much is being spent on FTA negotiation and how much is being spent on trade diplomacy. Is that something you could provide us?

Greg Hands: I can pledge to provide as much information as I can, but it may not be 100% straightforward to disaggregate an individual who is perhaps involved, from post, in an FTA negotiation but most of whose time is actually spent on market access barriers.

Q296 **Anthony Mangnall:** Following on from Mr McDonald’s questions, why are we not looking at more of a sector-by-sector approach? I want to push you on this, because we have clearly done it to great success with the Singapore digital partnership, where we were focused on one specific area. If there is a big appetite within the Department to get up that percentage, why are we not going out there and saying, “Here with America we could do something on financial services. Here we could do something with India on education”? Why are we not being a little bit more proactive in that approach?

Greg Hands: We do that. For example, the Bern agreement on financial services trade with Switzerland was a perfect example of a sectoral deal with a like-minded country. We did that deal notwithstanding the fact



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that we are in FTA negotiations with Switzerland at the same time. Being in an FTA negotiation does not prevent us doing a deal pragmatically in a different sector.

Q297 Mark Pawsey: Minister, I want to ask about how we measure success in our trade environment. If you are in business, you set a budget and an objective, or it might be a target. You run the business for a period of time and measure your success against that target. When it comes to trade, you have told us about the 73 trade deals we have done, but the trade deals in themselves do nothing. All they do, frankly, is open a door and it is then down to individual businesses, in particular the sales function within those businesses, to take advantage of those particular deals. How should we go about measuring that?

This question arises from the Secretary of State appearing before us in January 2024, when it appeared that one of the measures of performance of accession to CPTPP would be an increase to GDP. It was suggested by her officials that accession would boost GDP by 0.09%. Is that a good measure of performance of a trade deal?

Greg Hands: You are right in the sense that these free trade agreements, as I am sure you have seen, can typically be more than 1,000 pages; I always say that there is no point doing one of these negotiations unless it works for our businesses, our exporters and, on Minister Offord's side of the Department, our consumers. That is very much at the forefront. In the slightly esoteric world of trade policy, you can easily become immersed in detail and lose the big picture as to what works for British companies, consumers and exporters. The proof is, if you like, in the pudding. We have advanced and just overtaken Japan, thanks to the work from Lord Offord and his officials, to be the world's fourth largest exporter.

Q298 Mark Pawsey: Is it the value of exports that we should be looking at? What are the criteria? What are the measures of performance? How are we going to be able to say, "Yes, in this area we have taken these Brexit freedoms and succeeded"?

Greg Hands: It is sometimes difficult to be very specific and have a specific target in a specific area. For example, on CPTPP you rightly mentioned that the analysis was that the increase to GDP would not be as significant as we would want it to be, but that fails to take into consideration the ability of CPTPP to grow.

Q299 Mark Pawsey: Is increase to GDP a good measure of performance of our export strategy?

Greg Hands: It would depend. We can bring in Lord Offord in a moment in terms of the export strategy. One of the biggest things about CPTPP is its ability to grow in the future. There were 11 original counterparties. We are the 12th.

Q300 Mark Pawsey: Should we have a number that we should be anticipating,



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expecting or setting as an objective as a consequence of having done that deal? That is the bit I want to pin down. It is all very well doing all these deals and joining in all these partnerships if it actually does not result in more business and a boost to our economy.

Greg Hands: We are seeing that boost to our economy. We are seeing that boost to our exports. Sometimes though, when you set out to negotiate a free trade agreement, it is hard to estimate precisely what the impact on GDP will be because you do not yet know what is going to be in the agreement. If you do not have, at the start of the negotiation, any knowledge of what the end of the negotiation is going to look like, it is quite hard to estimate what the impact on GDP will be.

Q301 **Mark Pawsey:** You are suggesting that you will not start a negotiation without having some expectation of what the end game would be.

Greg Hands: You can, but it is hard to be precise because ultimately it is a negotiation and you are negotiating. We may say that we wish to reduce whisky tariffs to that particular country, but if that country does not want to reduce whisky tariffs then the change in GDP will not ultimately be what is realised in the negotiations. My point is that when you set out a GDP objective, it is not always what will be realised, because it depends on what is actually negotiated.

Q302 **Mark Pawsey:** Maybe we would be better off looking at the value of exports.

Lord Offord of Garvel: I can come in on that. We have a very good target, which is called a trillion of exports. We are currently sitting at £860 billion and we are going to get to a trillion. We have a target of getting there by 2030. I think we will probably smash that. It is 2% per annum growth.

Mark Pawsey: That is very positive and very bullish.

Lord Offord of Garvel: It is 2% growth between now and 2030 to get to a trillion. In the 10 years up to 2019, we grew at 5%. Our exports grew at 5%. That 2% is just on a straight line. That is without any Government intervention, which is what we are doing through these FTAs. It is interesting that we have 2.5 million registered companies in the UK offering 300,000 exports. To my mind, that is a low number. It is 11%.

Mark Pawsey: We can all agree on that.

Lord Offord of Garvel: One target might be, "Let us get that up to 500,000". Let us get it up to 20%. Let us be in the top 20%.

Q303 **Mark Pawsey:** Are you giving us targets there?

Lord Offord of Garvel: We can talk about that. The Department is talking about this idea of actual real numbers. Why is that important? When we look at the companies that export, we discover that they share certain characteristics. First, they have ambitious management teams and are quite often owner-managed. Secondly, they are selling goods and



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services around the world, which means they are world class. Quite often they can get higher margins by selling overseas than they can knocking their heads against the grocers, for example, in the domestic market. Here is the thing: they are more profitable, and the silver bullet is that they pay higher wages.

If 70% of those exports are based out of London and the south-east, we have a levelling up agenda that is real, which basically is about prosperity. It is about people in local areas and local businesses in Scotland and outside London and the south-east making better money, getting better training and being in better-paid jobs. That is the crucial link to our prosperity growth.

Q304 **Mark Pawsey:** We can all buy into that. What we are trying to batten the Minister down on is how we set that as an objective and a measure of performance so that, at the end of a period, we can say, "We set out to do that and we delivered it." Is it getting to a trillion? Are we sticking with that?

Lord Offord of Garvel: That is the target. The other target would be to increase the number of companies exporting.

Q305 **Chair:** Can you re-summarise for us? Let us say, for the sake of argument, that we were writing a public service agreement between the Treasury and your Department, or let us say that the Prime Minister was hauling you in for a stocktake. What metrics would you use or want to use to demonstrate success? Is it add to GDP, as Mr Pawsey says? Is it volume? Is it value? Should you be dealing in real terms rather than inflation-tested numbers? What are the key metrics?

Lord Offord of Garvel: All the numbers I would give you now are inflation-adjusted, because we have been through such a period, to make it real. The UK is 80% service economy and 20% goods. Eighty per cent of people work in service companies and 80% of our GVA is in services, but our exports actually are 55% to 45%. Our goods are 45% of our exports. What does that tell you? Our goods are very good and they go around the world. There is a premium for British goods. Wherever I go, there is a premium for British goods. Our manufacturing is in very good health.

Q306 **Chair:** I am trying to cut through the narrative to the numbers and metrics.

Lord Offord of Garvel: Then you have the 55% services. The direction of travel is that we are going to have two-thirds services and one-third goods. These are high-margin jobs. As for the metrics I would give, the trillion is a key metric. We can demonstrate that we have hit that number. Increase the number of companies that are exporting. Demonstrate that we can link that to the FTAs that we are signing.

I can give real-life examples. Since we have signed the Australia trade deal, we have SMEs selling to Australia that were not before we signed



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that deal. That is another real metric where it is proving that that trade deal has resulted in increased trade. Then, when you look at the number of people employed in exporting companies and the fact that they are getting higher wages—I have a whole matrix of data points that I can give you that say that—what does that result in? It results in increased prosperity.

Chair: When you say “increased prosperity”, are you saying that that is a GDP statistic or not?

Lord Offord of Garvel: I mean pounds in your pocket. I mean how people live. I mean what people get paid.

Q307 **Chair:** Mr Pawsey’s question was whether we should be looking at the impact of these trade deals on GDP growth.

Lord Offord of Garvel: The economists will always want to do that. That is what economists do.

Chair: So will this Committee.

Lord Offord of Garvel: The man on the street wants to know how they are getting paid and what their standard of living is. They want to work in companies that are prosperous, growing and ambitious. The export strategy and signing these FTAs are absolutely key to that.

Q308 **Chair:** Let me try a different track. Rachel, how does the Permanent Secretary hold you to account for delivery on free trade agreements?

Rachel Gwyon: I am the director for UK export strategy and I support Minister Offord in getting the right mix of export promotion services to support his goals. We look at the statistics. We look at the trends, internationally, by sector and by market. We look at the evidence of what works in UK services.

Q309 **Chair:** Are you making judgments about resource prioritisation based on the impact on GDP growth?

Rachel Gwyon: We are making judgments about the service optimisation and the best targeting to help companies right across all parts of the UK, whether SMEs or larger companies, in order to support Ministers to reach their race to a trillion ambition.

Q310 **Chair:** Are you looking at any stage at statistics based on GDP growth?

Rachel Gwyon: We are a Department for economic growth and we are looking at all aspects of that, as the Minister says, whether that is wages growth, the increase in survivability of companies or the increase in their turnover and export value. We are looking at that in evaluation. We published an evaluation last year showing the impact of our services in helping companies to do exactly that.

Q311 **Chair:** Are you evaluating the impact of what you do on GDP growth?

Rachel Gwyon: GDP is growing as a result of trade.



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Chair: But are you at any stage in your work evaluating the impact of what you do on GDP growth?

Greg Hands: I do not think that that is, strictly speaking, in Ms Gwyon's area. Her job is to do the exports.

Chair: Let me put the question to you, Minister.

Greg Hands: Of course we want to see GDP rise. Trade agreements and making sure we have good export promotion is a good way to make GDP rise. Do we have a specific target in relation to free trade agreements and trade policy to make GDP rise? No, we do not have that specific target.

Q312 **Chair:** The reason why it is important is that many of the impact assessments that go with the free trade agreement express an impact on GDP growth. The Secretary of State has resiled from some of those figures for understandable reasons. We are trying to understand, as a Department, whether you use that method of evaluation.

Greg Hands: I return to the earlier point I made: at the start of a negotiation, it is impossible to know what is actually going to be in the free trade agreement at the end of the day. That is why it is very difficult to aggregate all of those FTA objectives when you lay out these different things and say, "That will be the total impact on GDP"—because it would depend on the result of the negotiation.

Q313 **Chair:** If you have £118 million-worth of resource, which is what the supplementary estimates say, and a number of trade agreements under negotiation, including the USA, India, the Gulf Co-operation Council, Canada, Mexico, Israel, Switzerland, South Korea, the Maldives and Turkey, how do you take a judgment about where to invest your resource for the best outcome for the UK?

Greg Hands: You and I have both been Chief Secretary to the Treasury before. One of the key roles in Government is looking at how to allocate your resources. Sometimes you might do that in a more thematic way rather than a more precise way. When you look at, say, the head of trade policy at our embassy in Washington, who was very heavily engaged in free trade agreements a few years ago, they are now very heavily engaged in market access and supporting work on the state-level MOUs. It is quite difficult to disaggregate individual officials' individual efforts within the Department as to whether that person should be on trade policy agreements or on removing trade barriers and other trade diplomacy.

Q314 **Chair:** How do you prioritise the use of your Department's resource?

Greg Hands: We can move people around and we do. Many of our trade negotiators have moved from negotiating previous deals to the present deals. Obviously we do not have an Australia FTA trade negotiation team any more because we have done that deal, so people will be moved from



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Australia, New Zealand and CPTPP to other negotiations we are doing, whether they be with Switzerland, India or the Gulf.

Q315 **Chair:** How do you take a decision? For example, the Maldives deal is no doubt important, but how do you take a decision not to put all £118 million-worth of resource into getting a deal done with the Maldives? How do you decide how to spread your resource across the panoply of trade deals that you have under way?

Greg Hands: Going back to when you and I used to each do this, Mr Byrne—overseeing how Government Departments spend their money—you have to rely on the quality of the officials working for you to be able to make sensible decisions in terms of localised resource allocation. I do not think it is really my job as the Minister for Trade Policy to be moving people around between individual negotiations. It is our job to set the overall parameters and objectives of the Department, and then the job of our officials to meet those expectations. As an example, if there is a need to move somebody because we are starting a new negotiation, I would expect the teams—the fine people from previous negotiations—to be able to move in to do those new ones.

Q316 **Chair:** When the Prime Minister and the Chancellor are marking your report card at the end of term, they are not judging you on whether you have contributed to GDP growth. They are looking at the sorts of numbers that Lord Offord shared with us. Is that true?

Greg Hands: As you know, the Prime Minister and the Chancellor will have a regular series of letters at the Cabinet level for determining what the objectives of the Department should be. The Prime Minister meets with the Secretary of State on a regular basis to review the objectives that the Prime Minister has indicated for the Department. The Prime Minister would not set allocation targets of the number of people to be involved in FTA negotiations vis-à-vis export promotion or removing market access barriers. That is not an effective way of good governance.

Q317 **Anthony Mangnall:** One thing we can measure is the way in which you spend your resources. Is your Department well allocated? Do you feel you have the right amount of resources from the Treasury to do the job that you need to do?

Greg Hands: I can ask Lord Offord to answer on behalf of exports, but from my own area on trade policy it clearly needs careful management. We have some excellent deputy directors who do that. It needs the ability to move people around. Some people are easier to move around; particularly London-based people are easier to move around. Over the years, I have seen people who started out doing something like the US FTA negotiation who are now in a very different role. It is harder at post to move people around with that same degree of swiftness.

Q318 **Anthony Mangnall:** Would you say your Department has built up a capacity and an expertise in terms of trade negotiations? Where are you from 2016 to 2024? How large has the growth been in that expertise,



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which is UK citizens working on trade negotiations? What has it gone from?

Greg Hands: You actually hit the nail on the head really. The UK, back in 2016, at the foundation of the Department for International Trade, was me, the Member for North Somerset, the Member for Wyre Forest and probably about 10 officials camped out in a corner of 1 Victoria Street—the previous BIS building—who had to build the Department from scratch. We had resources. Commercial diplomacy networks around the world were moved into DIT alongside existing staff. We brought in sector teams from BIS and the rest of Government, but we built that up.

We hired people from outside. We brought in Crawford Faulkner as the key adviser on how to do trade agreements. We built up a really good, strong Department when it comes to trade policy. Having been involved from the very beginning—this is, as you know, my fourth stint at the Department—I have seen that side of the Department really grow and be one of the world’s best and most capable sets of trade policy officials, whom I am immensely proud of. When I take my officials to the World Trade Organisation conference in Abu Dhabi and I see our officials matching up with our counterparts, I think we have done an amazing job in this country of building a capability that was principally a Brussels competence prior to 2021.

Q319 **Anthony Mangnall:** You mentioned these external hires. Is Crawford Faulkner good value for money?

Greg Hands: He is. He has been immensely valuable advising on trade negotiations, our approaches and those key trade-offs as you get towards the end of a negotiation. He has been an immense official for the Department and has really delivered for us.

Q320 **Anthony Mangnall:** You will know this as well as I do. I expect you were in the Chamber—I was certainly sitting in there—when George Eustice decided to tell the House that Crawford Faulkner had always internalised Australian demands, resented people who had a greater understanding of the technical issues than he did and was surprised to turn up to the UK and find that there were several hundred civil servants who knew more about trade than he did. Is that an accurate assessment? Is the former Secretary of State for agriculture right or wrong on this? If he is wrong, why is he so aggrieved about a trade deal that he views as particularly detrimental to British farmers?

Greg Hands: Some of those questions might be better put not to me. I can say that Crawford Faulkner—and I speak to him incredibly regularly—has really delivered for this Department and the country. I do not think we would be in the position that we are today, with free trade agreements with 73 countries, being the first country to accede to the CPTPP and having done other crucial, really important agreements, such as the digital economy agreements with Ukraine and Singapore, had it not been for Crawford Faulkner’s input.



Q321 **Anthony Mangnall:** In terms of the view on the Australia trade agreement, that is a deal that has come under an enormous amount of scrutiny and criticism from different parts of this country. I wonder whether, given Crawford Faulkner's role in this, you have any sort of view or perspective as to whether he did a good or bad job.

Greg Hands: I am certain that the Australia free trade agreement will be an excellent deal and is an excellent deal for this country. That does not stop it being a good deal for Australia at the same time. Trade is not a zero-sum game. The trade agreement only entered into force in May of last year, so we have literally had one year of its operation. As Lord Offord said, some of the early signs are that UK SMEs are exporting to Australia that were not previously exporting. The removal of things such as whisky tariffs and a whole host of other tariffs has opened up huge opportunities for UK exporters into Australia, as well as the similar agreement with New Zealand.

Q322 **Anthony Mangnall:** Is that a model that you are going to continue, whereby we hire ex-diplomats from other countries to come in and work in the Department for Business and Trade?

Greg Hands: I am not excluding—and the Secretary of State, I am sure, would not exclude—doing that in the future, but I think it was very much a response to the fact that at the time this was a competence that the UK last had in, I think, 1973. It was not something we were going to find in great measure domestically here in the UK. It was a response to the circumstances of the UK having its independent trade policy for the first time in 40 years. Crawford Faulkner has really helped, as well as all of the other officials we have hired from outside the UK, but also the officials who came from UKTI, BIS, the FCDO and DFID. A lot of people have come together to make the trade side of this Department as powerful as it is.

Q323 **Chair:** So he is worth every penny of the £275,000 that he is currently paid.

Greg Hands: I really think he is. Certainly in the past, Crawford Faulkner has appeared before the Committee.

Chair: We have certainly tried.

Greg Hands: I believe he has. I think I saw a nod from Mr Mangnall that he has appeared before the Committee.

Anthony Mangnall: To clarify, that was the International Trade Committee rather than the Business and Trade Committee.

Greg Hands: He has appeared before your predecessor Committee and he has provided an immense amount of work for this country. If I could pay tribute to him, he has been a really important person for the United Kingdom overall in the last few years.

Q324 **Andy McDonald:** Lord Offord gave us an indication of what all this is



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about. Trade policy is in pursuit of better living standards and people having more money in their pockets. We can all have our view about how that is working out right now. Trying to get a measure on this and how your decisions are informed, Minister, can I revisit the issue of regulatory independence and dynamic alignment, and how that feeds through at the end of this?

We have three EFTA countries that have their own independent trade policy, but they are dynamically aligned. You rejected that. I think you told the House that “the UK proposed an equivalence agreement on sanitary and phytosanitary rules in negotiations—that was proposed by Lord Frost—but the EU refused. The EU does have agreements with, for example, New Zealand and others that still respect regulatory autonomy. We are very happy to discuss with Brussels an agreement on SPS rules so long as it respects UK regulatory autonomy and we do not sign up to dynamic regulatory autonomy. That is the read-across to other trade agreements; it allows us to have an independent trade policy while maintaining the high-quality trade deal that we have with the European Union.”

I want to get a handle on what the numbers are telling you. We have had some numbers discussed this morning. Should we get to a situation where the gains that we are making in FTAs do not outweigh the loss of goods trade with the EU, would you reconsider aligning with EU standards if that is what the numbers are going to tell you?

Greg Hands: It would be a mistake to do that. I stand by those words that you quoted back from me. It would be a mistake for this country to go into a dynamic regulatory alignment relationship with the European Union. While it may work for a smaller market, particularly some of the EFTA countries, I do not think that it would work for the United Kingdom. I think you might be one of the first members of Parliament to start complaining if we were to have a dynamic regulatory alignment with the EU, because I suspect you may not like some of those regulations that are coming out from Brussels in future years.

I stand by those comments. It would not be in the UK national interest to have dynamic regulatory alignment with the EU where we had no say over those rules. I think you would start to question the democratic deficit we would have. Previously, when we were in the European Union, obviously there was a seat at that table. In fact, that seat was occupied by me at the EU trade Foreign Affairs Council. We would not have a seat at the table when those rules were being made, yet we would have to apply those rules.

I think that you might be one of those Members of Parliament who would ask Ministers such as me, “Why have we suddenly signed up to this new thing?” I would say, “I am afraid to say, Mr McDonald, that we did not have any choice because you suggested that we have dynamic regulatory alignment.” I am suggesting to you that it might not be in the interest of this country.



Q325 **Andy McDonald:** Don't worry about what I might think in the future. I am asking what you think when you are looking at the numbers. That is what I am asking you. If, after the loss of our trade with the European Union, we are no better off, do you not revisit the issue, or are you saying "in no circumstances"? If the losses with the EU trade exceed the gains we have had with FTAs, that is it. That is the job done. We are finished and we will suffer.

Greg Hands: I might dispute, if I might, through you, Chair, what you are saying the numbers are. When it comes to services, we have record services exports into the European Union. We have overall just become, as Lord Offord confirmed, the world's fourth largest exporter. The numbers can show a high degree of success of our overall trade policy.

Q326 **Chair:** The question was about dynamic alignment on SPS. The new free trade deals that have been signed together add about £800 million a year to trade. There have been estimates last week that show that there could be a £3 billion impact on consumers due to the new border arrangements that are in place, because we do not have dynamic alignment. Mr McDonald's question is really quite focused on the virtues or the problems associated with dynamic alignment on SPS or, indeed, goods.

Greg Hands: Again, it would not be in the UK's interest to have dynamic alignment with the European Union where the UK would not have a say on those rules.

Chair: Is that on anything?

Greg Hands: That would be really problematic. There are something like 20,000 tariff lines, if you are asking me to commit to all 20,000 tariff lines. In principle, dynamic alignment is not in the UK national interest, I believe. It is possible, however, to do something where you recognise the equivalence of outcome. I think that Mr McDonald is sort of driving towards a veterinary agreement with the European Union. You have to look at what kinds of veterinary agreements there are out there. The EU veterinary agreement with New Zealand, for example, tends to recognise an equivalence of outcome. That would be much more interesting for this country than an EFTA-style dynamic alignment, making sure your regulations are always the same as whatever Brussels has dictated.

Q327 **Charlotte Nichols:** The Government's critical imports and supply chain strategy says that DBT will: "Ensure that our approach to international trade agreements helps to strengthen supply chain resilience." We are currently experiencing chronic shortages of key medicines and the Food and Drink Federation and Horticultural Trades Association have given stark warnings about supply chain resilience following changes to the border operating model, with criticism of DBT's communication of information. What is more critical than food and medicine, Minister?

Greg Hands: I might hand over to Lord Offord in a moment to talk about the border target operating model, which I think was part of your question. Broadly speaking, the approach when it comes to trade policy is



to maximise the number of our counterparts. Part of that, as has been outlined in the strategy published in January, has been to make sure that we can source things such as critical minerals, food and pharmaceuticals from different parts of the world. That is a key objective and one thing that we are delivering.

The Australia free trade deal and the CPTPP deal enable us to source things from different parts of the world, which is very good news for the UK. We are not going to be able to produce everything ourselves, so we need to be able to source things from multiple parts of the world, and one reason why we have done the free trade agreements with 73 countries is to do precisely that. On the border target operating model, I might pass over to Lord Offord.

Lord Offord of Garvel: With the new border target operating model, the UK has a unique opportunity to create the most dynamic border, which will speed things up and save businesses a lot of money. It is all to do with digital. We have passed the Electronic Trade Documents Act. We have just sent a bunch of valves from Burnley to Singapore with no paperwork. That is a massive cost saving. We are bringing in the single trade window. How many times have you heard people complain about exporting overseas? You have to fill out 28 forms. How about just filling it out once and it cascades down through the system?

There is the trusted trader scheme. The whole idea is that you self-certify your goods and services, and where they are going to. They are pre-checked. That is to the point where I hear that the chief executive of the Channel Tunnel recently said that goods are flowing through the Channel Tunnel more quickly than when we were in the EU.

We have an amazing opportunity with the border target operating model to make something really dynamic, interesting and fast. Along the way, there is also going to be some friction. There has to be, because we have to secure our borders, especially with SPS. We need to do that for our own biosecurity, but that is going to be done on a light-touch basis. It will be done in a way that is very commensurate to making sure we do not put barriers up in front of trade. Overall, it will be a great benefit to the UK.

Q328 **Charlotte Nichols:** You believe that the Food and Drink Federation and Horticultural Trades Association are incorrect in the warnings that they have given about the changes this week. I spoke on Friday of last week to a large horticultural importer in my constituency, who said they were staggered at how little information had been provided. They said they felt that everything was being left until the last minute, that there was no clarity from the Department and that they were concerned that what they are importing will end up rotting in sheds at Dover instead of being sold, as we hope, in Warrington.

Lord Offord of Garvel: The whole objective of the exercise is to make sure that does not happen. At the end of the day, this is a cross-



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Whitehall initiative. It is being run by the Cabinet Office. DBT is heavily involved through myself, as well as DEFRA when it comes to the horticultural issues. Part of the issue here is trying to make sure that this is light touch and works. That is possibly why there have been some delays in terms of communication, but that is the objective: to try to make this safe and secure, but light touch, and to make sure it works.

Ultimately, we do need biosecurity. If you talk to all of our farmers in all of the rural communities, they will tell you that the cost of not having that is a lot more expensive. Look at the cost of foot and mouth.

Q329 Charlotte Nichols: Can you explain why the Government failed to provide businesses with more than three weeks' notice for what they will be expected to pay under the common user charge, under these new arrangements?

Lord Offord of Garvel: I suspect that was because everyone was trying to get it down to be as low as possible.

Q330 Charlotte Nichols: In terms of businesses being able to plan, and having that clarity and certainty moving forward, do you think three weeks or less is an appropriate amount of time for them to be able to plan for the changes?

Lord Offord of Garvel: I know there has been frustration expressed on all sides of this equation, but the objective has been to try to minimise the cost and minimise the disruption.

Greg Hands: It has all been very widely consulted on as well, Ms Nichols. In fact, as you know, the scheme was postponed and very, very widely consulted on, right the way across the board. We feel there has been no shortage of information, both in the UK and for our counterparts abroad.

Q331 Charlotte Nichols: Yet those concerns clearly still remain, because the Horticultural Trades Association is meeting all its members today. I do not take the Minister's assertion that everything is fine now and everyone is happy with the new arrangements, because clearly there is still that lack of clarity.

Lord Offord of Garvel: I did not say that. When you bring in anything new, of course people are concerned and there is uncertainty. This is a dynamic situation. When we come back a year from now, it will probably look different from the one that we implemented. That is the whole point of putting this thing in place. It will be a dynamic system, which we will make work for the benefit of everybody, but obviously at the point of impact there is uncertainty and I am very sympathetic to that.

Q332 Charlotte Nichols: I note the Minister's valiant campaigning to save the Chelsea bun. Unusually high rainfall this year means that farming groups are warning we will see a drastic reduction in domestic production levels this year, potentially putting more pressure on prices, including for the



key ingredients for his beloved Chelsea bun. If this does happen, and we start to see shortages of domestic product and an increase in the prices for imports, will the Minister push to suspend the rules?

Greg Hands: Thank you for mentioning my campaign. I was actually going to mention that you could come, Ms Nicols, and visit, with your interest in horticulture. We also have the Chelsea Flower Show coming up in just a few weeks' time, and you could perhaps combine the visit and pop into Partridges to get your Chelsea bun.

I would note that, actually, you are right. The price of a Chelsea bun has gone up from £2.75 to £2.85 in recent weeks, but that is driven more by the publicity surrounding the revival campaign and the articles we have in the *Telegraph* and in the *Independent*.

Q333 **Charlotte Nichols:** Are you concerned that prices of the Chelsea bun going up further, because of pressures on things like the citrus for the lemon zest that it is in it, the currants, or—heaven forbid—the flour, might make the Chelsea bun unaffordable for your constituents? Do you want to save it or not, Minister? Would you suspend the rules if Chelsea buns became unaffordable?

Greg Hands: I can tell that you have been doing some baking by your quite precise knowledge of the ingredients. The prices of commodities, particularly agricultural commodities, will fluctuate. Climate fluctuations have been part of the pricing of agricultural commodities. If you look back at the origins of commodities futures, back in the 19th century, they were very much based on the fluctuation of prices, driven by weather, climate and other external factors. A fluctuation in price should not make one necessarily want to do something like change the rules. You would need to take a longer-term view on that.

Q334 **Chair:** If ITV is correct and it is a £3 billion impact of the new border operating model on UK consumers, then that surely must provoke the Department for Trade to have some serious conversations with colleagues at DEFRA.

Lord Offord of Garvel: We are talking to DEFRA but, for example, the single trade window will give us a benefit of £3 billion. We can trade the numbers. If that £3 billion is real—though I do not recognise the number—then we will work to get that number down.

Q335 **Chair:** DEFRA has refused to publish the detailed workings or the methodology behind the cost estimates that it published in response to ITV last week. Could we ask you to provide the Committee with your estimates, in that case?

Lord Offord of Garvel: We will be using DEFRA numbers, presumably, will we not? It is their Department.

Chair: The DEFRA numbers are pretty high-level. There are no assumptions behind them, but we will write to you on that.



Q336 **Anthony Mangnall:** Lord Offord, you mentioned electronic documents and the Electronic Trade Documents Act, which is all very exciting; do you have an estimate as to how much that will save businesses in terms of cost around their bureaucracy?

The second point is, as you rightly laid out, the importance of streamlining that trade and reducing the amount of documentation. Do you have an expectation for when this is going to be widely rolled out? I will use as an example the seafood sector in my constituency, which is still waiting for the electrification of its documents. That has been promised but never delivered. I recognise that that is the case for many other sectors. Is there an expectation in your mind of when we will have this universally, across the country?

Lord Offord of Garvel: In that particular instance, around the seafood, obviously that is to do with the veterinary piece. The SPS is the most difficult piece of this, because of the vet checks. The objective of the single trade window is to be ready and have that implemented by 2025.

Q337 **Anthony Mangnall:** Is that across all sectors?

Lord Offord of Garvel: Yes.

Q338 **Anthony Mangnall:** When in 2025?

Lord Offord of Garvel: Well, 2025.

Anthony Mangnall: At the start, middle or end?

Lord Offord of Garvel: Let us go for the middle.

Q339 **Mark Pawsey:** Can I move on from horticulture to automotive? This is a massive success story, with 80% of its output exported, most of which, Minister, is built to an EU standard, because the domestic market does not justify producing to a UK standard. The industry is about to be affected, both in the UK and elsewhere around the world, by a massive number of inexpensive vehicles coming in from China, and there is a real concern that Chinese manufacturers have an unfair advantage in terms of the cost of their raw materials and, particularly, the energy inputs in their manufacture.

The EU is looking at a trade remedy and, given the possible danger to domestic manufacturers caused by the loss of markets in the EU and the loss of sales in the UK, why would we not join with our friends and colleagues in Europe to consider the possibility of a remedy against the dumping of inexpensive, Chinese-manufactured electric vehicles?

Greg Hands: Clearly, we do speak to our like-minded trade counterparts on these kind of issues, whether it be the Commission or the United States Trade Representative and so on. Those are discussions that, clearly, we do have. We have a slightly different structure—in fact, a rather different structure—to our trade remedies in the United Kingdom. We have the Trade Remedies Authority that would start an investigation



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if a complaint or referral were made to the Trade Remedies Authority. That, as far as I understand, has not happened so far.

Chair: The Secretary of State has the power to initiate an investigation.

Greg Hands: We would ordinarily wait and see whether the Trade Remedies Authority will be conducting its own investigation, which would be based on a complaint from industry.

Q340 **Mark Pawsey:** It would only be in respect of the UK. My question, Minister, is why we do not work with others, with whom we have strong relationships, who are equally affected, because together we would be stronger, would we not?

Greg Hands: We always have to follow World Trade Organisation rules in these matters. There are clear rules when it comes to trade damage and trade remedies, but we have the independent Trade Remedies Authority, which is the starting point of that process.

Q341 **Chair:** Four or five EU anti-subsidy investigations that have been launched since late last year. There is real surprise in Europe that the UK has not joined in those anti-subsidy investigations. Are you telling us that we have to wait for a complaint from industry to the Trade Remedies Authority before the Secretary of State will act on some really serious concerns about the unlevel playing field between the UK and China?

Greg Hands: Under WTO rules, you cannot just say somebody else has been damaged and, therefore, we must be being damaged as well. That is not a consistent or sustainable position at the WTO.

Q342 **Chair:** You do not think the UK car market is being damaged in the same way that it is in Europe.

Greg Hands: That would be a matter of judgment for the Trade Remedies Authority, following a proper investigation. The Commission has a very different way of examining trade remedies than the UK has.

Q343 **Chair:** You are not prepared, at this stage, to initiate such an investigation using the powers that are available to you.

Greg Hands: That is a matter for the Secretary of State, but in the first term we would expect the Trade Remedies Authority to look at that.

Q344 **Anthony Mangnall:** Lord Offord, can I draw your attention to the Department's ability to work across the country and how it engages with chambers of commerce? Perhaps you could give us a bit of insight as to how your Department does so, whether or not it does, and whether it is successful.

Lord Offord of Garvel: We are very active with chambers of commerce. We are active with all the stakeholder groups, whether it is the Federation of Small Businesses or the CBI—whoever it might be, we talk to them all.



The chambers are a key interlocuter for us. For example, I am doing a roadshow at the moment around lots of UK regions and towns. It is called "Made in the UK, Sold to the World", but we change it depending on where we go, so "Made in Bristol, Sold to Bahrain" or wherever you want it to be. We have representatives of chambers at all of these events. Our export champions that we have in our regions are all linked into the chambers. That is all done on a voluntary basis. It is not done on a mandatory basis, like the German model, where they are mandated to sign up to their local chamber. This is a voluntary process, but we work very closely with them.

The toolkit we have for helping companies to export is now best in class. Between the export academy, the export support service, international trade advisers, links to the 180 embassies and commissions around the world, the DBT teams around the regions, and linking to the FTAs, we now have a really, really strong ecosystem. The only bit that is missing is the communication. We just have to communicate this better and the chambers have a key role to help us with that.

Q345 Anthony Mangnall: Do you think we should mandate, like Germany? Can I also ask whether you feel the UK is learning from international examples—in this case Germany or others—where a good job is being done?

Lord Offord of Garvel: I am not particularly in favour of mandating. This country is a free trade country. Sixty per cent of our trade is free trade. It is our ecosystem. The German model is a different model, but we work very well with the UK chambers.

Q346 Anthony Mangnall: Last week, I hosted a trade roadshow for Santander, which has a trade barometer. I am also declaring my interest on that one, but that is as far as my interests go. Perhaps you could give a bit of understanding or an explanation of how your Department is working with the private sector, in the case of Santander, and whether that is working. The big criticism I have from my respective chambers of commerce is that they hear about these trade deals but they are not very easily signposted. They do not really understand how they can take advantage of them and, unless they are middle-to-big companies, they are not really getting the benefits of these trade deals. I hope that is not the case, but perhaps you could answer.

Lord Offord of Garvel: That is why we are putting a lot of effort into going direct to local communities. Banks have a key role to play there. They are key intermediaries. Last week, I was at a big forum of the International Chamber of Commerce. Santander was represented there, among other high street banks. What we are saying to them is that you can get to Australia easily. We have cut the tariffs down. You can make margin in Australia and, with electronic trade documents, you can get your goods there within 48 hours.



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It is a communication job, to say to people that the world is tilting. We all know the stats. When we joined what was then the common market, Europe accounted for one-third of global trade. We know that when we left it was 16% of global trade. We know that in 2050 it is going to be 9% of global trade. Businesses out there in Burnley, Swansea, Glasgow and Falkirk know that and they now need to know how to get to Vietnam, to Mexico, to Peru, and it is our job to get them there.

Anthony Mangnall: I hope you will come back in front of this Committee to update us as time goes by, to show how the website is improving, because if you are to go on it now, you can be directed to multiple different pages. It is complex. It is difficult. Your point of communication lands well and is one that needs to be addressed in pretty good order.

Lord Offord of Garvel: Go to great.gov.uk.

Q347 **Chair:** I am conscious that you want to go to Foreign Office questions at 11.30 am, so perhaps I could wrap up, Minister, with a question about trade strategy.

A lot of the evidence we have received points to the need for an overarching trade strategy. We have heard that from a number of our witnesses. When I sat down with my local chamber of commerce in Birmingham last week, it expressed the view that an overarching trade strategy would be a real benefit—something that set out the kind of messages that we were keen to tell the world, something that helped to orchestrate and choreograph our soft power and, crucially, something that helped us to get the basics right, whether that was maximising export support services or just promoting the benefits of investing in the UK. Why do we not have an overarching trade strategy that perhaps enshrines some of the targets and goals that Lord Offord has set out?

Greg Hands: We do have an overarching trade strategy; we just do not have a DBT trade strategy document. You can drive a lot without necessarily having a huge document in front of you. We do have documents in related areas, like, for example Lord Offord's export strategy; like, for example, the integrated review; like, for example, the negotiation objectives before each individual free trade agreement.

Since getting involved in this in 2016, I have not felt the need for there to be a blockbuster trade strategy document. That might be of more benefit for our trade negotiation partners—those on the other side of the table—who might be able to see what the principal UK objectives are before we even start that trade negotiation.

Q348 **Chair:** Strategy documents do not need to be blockbusters and they do not need to be very long, but there could be benefit in helping, for example, chambers of commerce like mine in Birmingham to understand what the Government's trade strategy looks like.

Greg Hands: We talked earlier, Chair, about allocating resources within the Department. I would rather have my officials on the front line,



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breaking down those barriers, promoting exports and negotiating free trade agreements, than their being in the world of producing a document. I would refer the Birmingham chamber of commerce, which is an excellent chamber of commerce—in fact, the very first chamber of commerce I visited when I first became involved in trade in the summer of 2016—principally to Lord Offord’s export strategy.

Chair: This has been an extremely helpful session in helping us to take the evidence we need to produce the Committee’s advice to the Department over the months to come. That now concludes our questions. Our Committee’s thanks to you for appearing.