



International Agreements Committee

Corrected oral evidence: Ministerial evidence session

Monday 18 November 2024

4 pm

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Members present: Lord Goldsmith (The Chair); Lord Anderson of Swansea; Lord Boateng; Lord Etherton; Lord Fox; Lord German; Lord Grimstone of Boscobel; Lord Hannay of Chiswick; Lord Howell of Guildford; Baroness Kingsmill; Lord Marland; Lord Udney-Lister.

Evidence Session No. 1

Heard in Public

Questions 1 - 19

Witnesses

I: The Rt Hon Jonathan Reynolds MP, Secretary of State, Department for Business and Trade; Amanda Brooks, Director-General for Trade Policy, Implementation and Negotiations, Department for Business and Trade.

Examination of witnesses

Jonathan Reynolds MP and Amanda Brooks.

Q1 The Chair: Secretary of State, good afternoon and welcome. We are delighted to see you. Thank you for making time. I know you are busy. We have a lot to cover this afternoon, there has been a lot of interest from Members, so I ask you and them to be reasonably brief, because I appreciate you giving us your time. We cannot overshoot. This is a new inquiry, so Members will declare any interests they have when they speak for the first time. I declare my interest as a partner in an international law firm that deals with a lot of the countries and issues that you have to deal with.

I will ask the first question. Can you give us an idea of the general objectives and priorities of the Government around international trade? We know from the manifesto that the industrial strategy and the international trade strategy are intended to go together, so I would be interested in what you say about that and the timing of it.

Jonathan Reynolds MP: Thank you for the invitation. We have quite a lot to tell you, so if our answers are too long, feel free to ask for a bit more brevity to get all the business covered. By way of introduction, I will say that the Government have a clear growth mission. You will all understand that international trade is a major component of what makes an economy strong, successful and more prosperous, so there is clearly a strong focus on this.

Through this strategy that we will publish and the overall approach we will take to international trade, I would like to be frank and move on from how trade has been perceived in some of the previous Parliaments I have been a Member of—that is, very much as a function of the debate surrounding the Brexit referendum. We can look to the future in a way that has not been possible before. We will pursue what we call a “twin-track” approach to trade, by which I mean that we can rebuild that relationship with the European Union—some work is required on that—at the same time as making the best of what is available around the rest of the world. So it is not relitigating the arguments of the past but simply looking at what is in the UK’s national interest to pursue.

Where there is an agreement to be had, we should consider it on its merits. We should not consider it in terms of how it relates to what happened by leaving the single market and the customs union. We should sell each agreement on its merits. I would like a much more realistic approach to this, one absolutely rooted in domestic economic and business priorities. The test has to be: how can we get more British businesses exporting? It is no coincidence that responsibility for exports has passed from the Trade Minister to the Small Business Minister. It is not a coincidence that we have published the industrial strategy first, so that, exactly as Lord Goldsmith said, the relationship to that can be evident and can develop through the formulation of government policy. I want it to be very much rooted in domestic priorities and hard empirical

data. I hope that is an agenda that everyone feels they can get behind and that very much looks to the future.

Q2 Lord Udney-Lister: I declare that I am a co-chair of the UAE-UK Business Council, so I am very familiar with what is going on with free trade agreements there. I also work for an emerging markets fund. All that is in my declaration of interests.

What is the general state of play in each of the three trade agreements? Can you give a little colour in saying which ones are really moving and which ones are more in the review phase?

Jonathan Reynolds MP: Thank you for your work, particularly in the Gulf, where I know you have had a long and distinguished career. The priorities mentioned in the Labour Party's manifesto for FTAs were obviously the GCC and India. The GCC is progressing very well. I might ask Amanda to share some of the details of that with you, if that would be of interest. We are not back in the room with India, but you can expect an announcement imminently on when we think that might be. Alongside that, we have negotiations with the Republic of Korea and Switzerland, which are back under way. Türkiye and Israel are not back in the room; they are at the review stage.

These are areas where we have inherited existing negotiations and where we have renewed the mandates for some but not all—we have the mandates renewed across government for the GCC, Korea and Switzerland, in order to pursue the other ones, or a second tranche, if you like, going forward. The GCC is going very well. Amanda, can you share some information on where we have got to on that?

Amanda Brooks: I am happy to. The negotiators are just back from Riyadh. They were there last week, and they were in virtual negotiations the week before. We continue to see the gaps between the two sides reducing over time. The number of issues that remain under active discussion are reducing with every discussion and every day that we are together. We are not there yet, though; we still have some of the trickiest bits of the negotiation. That is always the case: they always come at the end of the negotiations. They are particularly on goods and services market access and on investment. Other areas are still open as well, but those in particular are always the last out of the room, as you know, Lord Udney-Lister.

Lord Udney-Lister: How does all that fit into the industrial strategy? Also, do memorandums of understanding and other forms of agreement fit into this, and, if so, where? In the UAE's case, I am thinking of things like CEPAs. How do they fit in?

Jonathan Reynolds MP: That is a good question. As I said by way of introduction, we want trade to be absolutely rooted in domestic economic and business priorities. We wanted the industrial strategy published first as a way of leading into that. You will all appreciate that, given some of the other elections around the world we have recently witnessed, it makes prudent sense to wait to see some of those developments before

some of the big questions on trade can form part of a strategy going forward.

These are obviously live negotiations that we knew any new Government would inherit and would have to take a position on going forward. Many of them have evident potential benefits for the UK, and the case for pursuing them is clearly there. A trade strategy is obviously much more than FTAs—they are just one component of it—so I did not see it as a problem to pursue and renew these negotiations, rather than lose the relationship on the other side of them by delaying them until we have the trade strategy in place.

You are absolutely right that we need a conversation about trade in the UK that is about much more than which countries we are pursuing FTAs with at any one time. Bilateral dialogues are a key part of that. Some of the specific trade access arrangements that you may have seen recently are a really welcome development. In Brazil, geographic indicator status for Scotch whisky has been 12 years in the making. That gives you a sense of how much time it has been necessary to take.

We could say with confidence that we did not see a tension between delaying the trade strategy until after the industrial strategy was published, while getting back in the room for some of these negotiations. They will be integral to that trade strategy, but there is much more to that than just the FTAs. Amanda, would you like to say anything on the toolkit for those?

Amanda Brooks: One thing I would add, Secretary of State, is that, as you have been reviewing the negotiations to date, you have been assessing the extent to which they fit with the priorities set out in the industrial strategy Green Paper. The team have been looking at that carefully and ensuring that we are providing Ministers with clear advice on how the negotiations to date—and the potential of the negotiations as we go forward—reinforce the work of the industrial strategy.

Q3 Lord Hannay of Chiswick: On the GCC, there is quite a lot of evidence that GCC exporters are not observing the Ukraine-related sanctions in any way and are co-operating in the subversion of them. To what extent is that complicating our negotiations for a free trade area?

On Turkey, what extent does the fact that it is bound by its customs union agreement with the European Union complicate any further negotiations that we may have?

Jonathan Reynolds MP: In relation to the UAE, the circumvention of sanctions is one of the principal issues that the department is looking at. Those sanctions speak for themselves on how comprehensive they are, but making sure that they are respected and adhered to around the world is the challenge. Where we have concerns, I do not think they are necessarily in relation to the UAE.

Amanda Brooks: Or the GCC more widely.

Jonathan Reynolds MP: Or the GCC widely. I would take very seriously any evidence or concerns to the contrary of that. Inasmuch as I have concerns about some markets in that regard, they do not include the GCC.

In relation to Turkey and what we are looking at, I do not think we feel constrained by the goods union, but I will pass over to Amanda on the detail.

Amanda Brooks: As you all know, we already have an existing trade agreement between the UK and Turkey that takes into account the partial customs union that Turkey has with the EU. We hope to update our agreement shortly. However, there is plenty of scope for opportunity, particularly in the area of services and digital, where the existing agreement that the UK has with Turkey is pretty limited and where there is considerable opportunity for our services exporters. We are the second-largest services exporter in the world. Those aspects are not captured in the nature of the customs union that Turkey has with the EU, which therefore provides us with an opportunity to look for a deal that works for us both.

Q4 **Lord Marland:** I have been allocated three questions, so roll your sleeves up. The first is about the CPTPP, which we are delighted was agreed to under the previous Government. What are your ambitions and priorities for that, and how will you make it work so that it is effective?

Jonathan Reynolds MP: Thank you, Lord Marland. This is a good agreement for the UK, particularly with markets such as Malaysia and Brunei. It is genuinely something additional. There is a very attractive geopolitical aspect to it in terms of where it places the UK. It is also a living agreement, and the UK will be a major part of its membership. These are all very attractive things.

Being totally honest about what I hear from businesses, it is not a lot. It needs to be more. I do not say that by way of any criticism of anybody. As I said in my answer to the introductory question, we should not consider an agreement such as the CPTPP as a replacement for, or a contrast to, membership of the single market. It is something different and has a set of merits that speak for themselves.

A set of engagement exercises are already planned. There is some interest from business, but I do not want to oversell to the committee what I am hearing as something that is hammering down my door. We have the potential for an awareness campaign for working with businesses, to a greater degree than is necessarily planned at present, to get those messages out. This has merit, but currently I do not necessarily feel that the benefits are as widely appreciated as I would like them to be.

Amanda, do you want to say a little about what is already planned for it, to give a full picture?

Amanda Brooks: Thank you, Secretary of State. When the agreement comes into force on 15 December with the eight countries that have ratified in time for it to come into force then—it will come into force slightly later with Australia—the department will begin to publish guidance for businesses on how to utilise the agreement. That will take what I sometimes describe to the Secretary of State as “very important but quite challenging to understand” legal text and turn it into something that businesses will find easier to understand. It will be easier to identify where the opportunities are for them.

This kind of guidance is a piece of work that we started doing first with the Australia and New Zealand agreements. We are keen to get businesses’ feedback on whether it works and whether it is giving them what they need to enable them to utilise these agreements. Having agreed them, it is absolutely critical that businesses understand how to use them and to get the benefits of the work that has been done.

The Chair: I am very pleased to hear about that, because when this committee looked at the CPTPP before, one of our recommendations was about how to make this work for businesses, including with guidance from the Government. So that is very good to know.

Q5 **Lord Marland:** I completely agree that it needs prioritising, because otherwise it will wither on the vine.

Turning to my next question, I declare my interests as chairman of the Commonwealth Enterprise and Investment Council and chairman of the Commonwealth Business Forum. With the emergence of BRICS—in relation to which, 36 countries appeared to support the Russians the other day—it is quite amazing that steps are not being made to establish closer ties with the Commonwealth and to establish a Commonwealth trade agreement.

Before you answer the question, when I say a “Commonwealth trade agreement”, I do not suggest a compulsory thing across the Commonwealth, but a framework that could be established. We discussed the CPTPP, and at least six Commonwealth countries subscribed to that. You could make a framework and allow the other Commonwealth countries to join it as and when they feel ready and they believe in the principles of the free trade agreement that we and countries such as Australia, New Zealand, Canada, Malaysia and Botswana do. I would be very interested to hear whether you consider that to be opportunity.

Jonathan Reynolds MP: It is a very thoughtful proposal. I see the necessity of our role as deepening and strengthening trade through whatever mechanisms we can. Where we have historic institutions, where they give us a deeper relationship with those countries and where we can have those conversations, I think it would be an asset. I would want to see trade and economic relationships within the Commonwealth strengthen. We would have to see whether that is through something as formal as you proposed or whether there is a stepping stone to get to that point. At CHOGM, the Foreign Secretary either launched or deepened two initiatives: the Commonwealth Standards Network and the

Commonwealth Investment Network. So there is already some activity going on in this area.

When I look at trade statistics around that, Australia, Canada, New Zealand and Singapore would be a very significant part of our overall trade with the Commonwealth as a whole. There is a need to recognise that, as you would expect, it is not uniform across Commonwealth members. We already have a series of fairly interesting initiatives in place, which we can possibly see develop over time.

Amanda Brooks: As you know, we have trade agreements with many of the African, Caribbean and Pacific countries through economic partnership agreements, which are typically goods-only agreements. One of the interesting developments of the past couple of years is that we are beginning to see the countries in those agreements wanting to talk to us about services trade. For the first time, at the UK-CARIFORUM discussion earlier in the year, we established a services dialogue as an opportunity to look at how we can extend the trade and investment relationship that already exists with that group of countries out of being just a goods-only agreement and into one with services too.

Q6 Lord Marland: My point is that it would be a bold step by the UK to establish its credentials as a trading organisation and to embrace many Commonwealth countries by giving them the opportunity to lift their people out of poverty through free trade and transparency. If the UK showed initiative on that, it would be a very good thing. I have discussed it with the Foreign Secretary, so perhaps you might compare notes with him. He was quite keen on the idea.

My second question—you may wish to discuss this offline—relates to the trade envoy network, which I had the honour of setting up in the Cameron coalition. Where do you see that going? It has slightly meandered off the original course that we set for it. Do you see it as a useful tool for the Government going forward? In which case, what do you intend to do with it? As I said, I am perfectly happy to have an offline discussion.

Jonathan Reynolds MP: I really appreciate the chance to put this on the record. We will resurrect the trade envoy network. We are close to making some announcements in this space. I hope that noble Lords here will allow me to put this delicately: obviously, there has been a substantial change in the numbers in the Commons, and therefore a lot of Conservative colleagues are required on the party's Front Bench. Some of the available names who were going to work with us have been called to other duties. That is understandable; I have been in a similar position myself after some previous general elections.

The network can really add something. This should not be just a knee-jerk response, so I have asked for some considered information from the department as to how it feels that this has gone in the past. Given how important we know relationships are to international trade, there is a chance to expand the UK's state ministerial presence across a number of

markets. Having a legislature that is well informed on trade issues and having detailed information about markets is very much in the national interest. I do not think that, in the UK, there is a very strong constitution for protectionism, but historically you would expect that a bit more in a legislature than the Executive. So the trade envoys can add a lot.

Where people have made a contribution, I will seek to work with them again on a cross-party basis. As I said, but for a few late substitutions, we are almost ready to make some announcements in this space.

Q7 Lord Fox: My question is more related to an earlier point, but I will ask it now. I want to come back to the progress of negotiations. Can you comment on how the departure of Crawford Faulkner, the chief trade negotiator, is affecting things? How do you look forward to the process of replacing that role or otherwise?

Jonathan Reynolds MP: Absolutely. First, I pay tribute to Crawford, who is a huge talent and a wonderful person with whom to discuss trade and a whole range of other issues. You will understand that his contract is coming to an end, and you might be able to talk more with him about the Civil Service side of this. Crawford was the Second Permanent Secretary, and that role is partly a result of the departmental changes to the Department for Business and Trade, with the fracturing of the old Department for Business into three directions and with trade coming into the remainder of the department. It is a role that, in essence, we are not seeking to replace. However, Crawford has made a huge contribution during his time here, particularly when there was a standalone Department for International Trade.

Amanda Brooks: I have worked with Crawford from his very first day in the building. It has been a real privilege to work with him for those seven years. He has left us with an incredible legacy, with the capacity and capability that he has built across the department to engage in trade negotiations, not just bilaterally but in the multilateral context. I have drawn on his experience on everything from trade remedies to export controls in my time on trade. He has invested heavily in transferring his skill and knowledge into as many of us as possible. I hope we will do his legacy proud with what we do.

Q8 Lord Boateng: I draw attention to my entry in the *Register of Lords' Interests*, particularly my role as an adviser on emerging markets and as a member of a board of the oldest pan-African bank in the City of London, which specialises in trade finance.

I welcome the Secretary of State. What role does your department play in conjunction with the FCDO in the delivery of the sustainable development goals? Trade has a capacity to create jobs in the countries that are parties to mutual and equitable agreements.

Can you give some flesh to the answer you gave Lord Marland earlier on how you see, for instance, the African free trade agreement and the relationship of this country with a number of African states? How do you see it play into our wider relationships on the continent and the

leadership that the FCDO gives for international development? Can you also comment on the role it has, and which I saw for myself in relation to Durban and Croydon, with local agreements involving universities and small businesses as well as the agencies of the state, and how they can contribute to equity development generally?

Jonathan Reynolds MP: It is lovely to see you, Lord Boateng. That is a great question. First, on the sustainable development goals, I think the Foreign Office would want me to say that it leads on those. However, you are right to say that the economic relationships between the UK and other countries, particularly our trade relationships, are a crucial mechanism in how we deliver on our aspirations.

I will address the specific bit of your question about Africa and free trade agreements. In some of my travel since the election and our appointments, I have been at pains to make clear that, where there are key parts of the world with which we are not in direct FTA negotiations or where we do not have plans to do that, it does not mean that we are not active there or that there are not huge things of interest to us in those markets. South America is another good example of that, with Mercosur and the fantastic opportunities that exist there. We should not think that we are limited to places where we are doing bilateral trade negotiations or have some specific interests that we are pursuing.

Africa is a key area of interest for the whole of the Government's foreign affairs policy, particularly, as I think the Foreign Secretary would want me to say, in a very modern context—so principally through trade and other bilateral reciprocal relationships, not necessarily through traditional conceptions of aid. A truth about this market is that, when you look to the future, particularly in terms of population growth and opportunities, a lot is usually of interest there.

What was even more interesting was the bit of your question on what can and should happen beyond the state-to-state relationships. This is a huge area of interest and work for the department. We think of a lot of these trade relationships, for understandable reasons, as big treaties between negotiating teams on other sides. However, I am hugely interested in where we have seen either this department specifically or the Government as a whole broker those initial relationships and then they continue to flourish at a city-to-city level or at a level between two chambers of commerce. Universities or other institutions could be involved in that.

I think about my own area in Greater Manchester, where there is a thriving relationship with North Carolina and Texas in the US. Frankly, it does not require a lot of government activity to maintain that; it happens organically. I would like to have that as a much greater element of what we try to do going forward, particularly with the trade strategy. That is where a huge amount of value can be added over time, by deepening those relationships. Frankly, it does not require a lot of what can be, at times, quite limited government resource.

Amanda, would you like to say something on Africa?

Amanda Brooks: I will add reference to the joint unit that the DBT has with the Foreign Office specifically on trade for development. This is the team that together developed the developing countries trading scheme, which reaches across the globe but particularly benefits the poorer countries in Africa, offering access to the UK market duty and quota-free for most products, and where the terms of that access were improved.

The team also works together to look at the relationship with the sustainable development goals, the UK's contributions to which, as the Secretary of State rightly said, are led by the Foreign Office. The team is also branching out into the relationship between trade policy and the kind of things we do through agreements or through the developing countries trading scheme, and how we offer support through Aid-for-Trade and other initiatives such as SheTrades.

Q9 **Lord Anderson of Swansea:** Secretary of State, the interests of our country will remain the same either side of the election. Those advising you are broadly the same, so presumably continuity, for at least the immediate future, is the name of the game. What priorities are different? What should we expect to be different in the policy that you are pursuing?

Jonathan Reynolds MP: Thank you, Lord Anderson. I meant no direct criticism of anyone in the previous Administration when I talked about the kind of approach that we are seeking to deliver on international trade or the trade strategy that we will publish. But trade has been more of a politically led conversation pre-election than what I am seeking to make it post-election, by which I mean that there is a set of common things that we are seeking from international trade agreements for what will always be a services-dominated UK economy with some key strengths particularly in advanced manufacturing.

The strengths of the UK economy are not a secret. We should be building on those in the agreements, but there has been a bit of a lack of prioritisation and focus. That needs to come, and you can see that in our priorities. We need to link that more closely to domestic business and economic priorities. When it comes specifically to the European Union, I suppose the different fundamental approach after the election is pursuing opportunities around the rest of the world and seeking to rebuild that relationship with the European Union in a way that is complementary and not in any competition. That is a more explicit change of direction following the election.

Q10 **Lord Anderson of Swansea:** Can I add a question on trade envoys? Secretary of State, you said warm words about our trade envoys. Some would argue that essentially they are part time, possibly amateurish. Are you proposing to have some review into the effectiveness of our trade envoy network?

Jonathan Reynolds MP: I have already done that review. I have asked for it internally. If the feedback I received was that the positions were

ineffective and not a good use of public money, I would not continue them. But I asked objectively, candidly, as I do for all the advice I receive: how have these positions worked? I was responding to the feedback I have received. There might be a couple of cases where people feel that they have not been as effective in particular markets, and I will not seek to continue those appointments. In many cases, if it is a different set of people to those who were there in the past, that should not be seen as a reflection on them. Some people just have other priorities and are not as available or are doing other things.

We might change some of the structure of the positions in some of the markets that we put together in order to be as effective as possible, but the feedback was positive where it was received. There is clearly a feeling that these add something. It also gives us a chance to increase the expertise within both Houses of Parliament. That has to be a positive thing. So, based on that genuine empirical feedback, we are continuing the programme.

Q11 Lord Hannay of Chiswick: First, on the Commonwealth question that Lord Marland put to you, I noticed that there was no reference in the replies to India. Do I take that to mean that you think that including India in any Commonwealth arrangements would be a bridge too far and likely to complicate our efforts to get a free trade area? If that is your view, it would certainly be one that I would share.

Secondly, on the trade representatives, I begin by declaring an interest because I was a member of this House's International Relations and Defence Committee. Lord Grocott and I, as members of that committee, and others, did our best to find out from the previous Government what on earth the status of these representatives was, how they related to the status of the ambassador, how they related to the status of the regional trade representative, and how a recipient country could know, when they were dealing with a trade representative of the sort you are considering continuing, what their status was in relation to the ambassador and to the regional trade representative.

We met nothing but obfuscation. We received absolutely nothing in the way of written material that enabled us to have the slightest idea what the answer to these questions are. If you decide to move ahead with this, before doing so can you set out the answer to some of these questions, because they are really important. What on earth is the use of an ambassador in a particular post if, when he goes to talk about a trade policy issue to his host Government, the host Government say, "Oh well, don't trouble me with that. I've just seen your Prime Minister's special representative, and they said something completely different"?

Lord Boateng: I endorse what Lord Hannay said. It is not just the two members he is referred to. I subsequently joined that committee and we had exactly the same response. He is absolutely right.

Jonathan Reynolds MP: On the India question, you will know that India is a separate FTA priority for the Government. It is a big, complex

economy and involves a big, complex negotiation. One might say a little bit about where things are at in terms of whatever you can say in relation to making sure we have had—

The Chair: We had some private briefings on India.

Jonathan Reynolds MP: I am aware of parts of those. You have clearly been looking into the role of trade envoys in the previous Government, and some other committees had unsatisfactory answers. I generally approach this with an open mind. If I had received negative feedback on the roles, it would not have been a programme that I was interested in continuing. My understanding from being in several key markets and talking to our diplomatic and trade staff there is that where these relationships work well, people work as a team and are quite well received.

My first exposure to the programme came when I was on a delegation to Bangladesh, where I was impressed with the work of our trade envoy there, particularly in relation to the significant Airbus deal that was done with that country. I saw a team working together. That is the feedback I have received. Clearly, some of this information exists, given that I have been able to access it and ask for an internal review as the new Secretary of State and President of the Board of Trade. I am sure that some of those answers could be provided to you, and perhaps I could get that information and write to this committee, if that would be of interest, about why the feedback that I received was positive about continuing the programme. I think that would be possible. Amanda, is there anything on India that we can say about that, given we are still reviewing the mandate?

Amanda Brooks: On India, as Lord Goldsmith just said, there is not much to report since you last had a briefing from the chief negotiator. That was because the Indians went into their elections and of course, our elections followed quickly thereafter. As you know, the negotiation was far advanced in terms of the ground that had been covered. To some extent, that is reflected in why we are still working through the mandate with the new Government to ensure that they are comfortable and confident with the work that the team have done to date and have had time to reflect and review that information before we get back into the negotiating room with the mandate from this Government to conclude those negotiations.

As you will know, India is negotiating FTAs with many different countries. I am doing a quick run around my head. Not many of them are Commonwealth members. I say that just thinking very quickly but not perfectly, I am sure. In the context of the idea that Lord Marland suggested earlier, which we have not examined in detail, it would be one factor we would need to consider.

Lord Hannay of Chiswick: On the trade envoys, when you lay out your conclusions, can you try to distinguish between trade promotion, which is absolutely at the heart of our post in any country's job? What you

describe about the good work done in Bangladesh is precisely that—trade promotion to sell Airbus. That is completely different from talking about trade policy, which is about free trade areas, multilateral or plurilateral free trade matters and so on. It would be a great help if some of this could be spelled out and explained in careful terms, so that the risk that the receiving end, the foreign country, is not totally confused as to which of the British representatives really represents Britain.

Lord Marland: Can I comment, Chair, as I set this organisation up in the first place?

The Chair: Please do.

Lord Marland: It has moved from its original policy—I would be very happy to explain if the Secretary of State does not know what the original policy was—quite dramatically into almost political patronage, so it has not been working to the extent it has. I would love to see what the plan is, when he announces it, because I think you will find that it ticks the right boxes and is complementary to what we have.

The Chair: We look forward to that, Secretary of State.

Jonathan Reynolds MP: Clearly, some expertise can be helpful in making those announcements. Not every market is deemed appropriate for having a trade envoy, particularly ones where we have the FTA programme under way and do things in different ways. The advice I received reflected the different markets familiar with different arrangements from different competitors. That is in the process, but I very much like to work with the kind of expertise we are talking about here in this committee to make sure that this is hitting the spot we all want it to have.

The Chair: You have an offer. Lord Grimstone wants to pick an issue in relation to another part of the world.

Q12 **Lord Grimstone of Boscobel:** Good afternoon, Secretary of State. Good afternoon, Amanda. I draw attention to my interests in the register in relation to Bahrain, Saudi and emerging markets generally.

You will be well aware, of course, that we have just had the election in the US. President-elect Trump made various statements during his campaign—they were quite colourful, in some ways—which will bear down on trade and have implications for the UK if he follows them through. What is the Government's initial view of these matters? How well prepared do you feel we are for dealing with a Trump Administration?

Jonathan Reynolds MP: Thank you, Lord Grimstone. It is great to see you. Trade certainly played a significant role in the US presidential campaign. We have followed very closely many of the pledges made and political issues raised in relation to trade, particularly tariffs.

We should not jump into making statements until the Administration have been formed and the key people are in their positions. Obviously, there have been some announcements already. We can broadly expect the President-elect to have his appointees confirmed to a certain degree, given the clean sweep the Republicans achieved in the elections, but I do not think that speculating on how we should respond before there is something to respond to is particularly in the UK's national interest.

We have to think beyond the obvious issues in relation to the UK and the US. To state the obvious, tariffs on UK goods entering the US would be a difficult thing for us to have to contend with. Of course, the challenge is much greater than that, but I would put that in the first category.

The second category is the consequences for the relationship between the UK and the EU. The US is a major and important trading partner for the UK, with £300 billion of bilateral trade. However, compare that to the EU with its more than £800 billion of bilateral trade. Clearly, if there are things that we are offered or asked to do that would result in an adverse relationship on the European side, we would have to weigh the consequences of that.

The third and perhaps most important thing to say is that many parts of the US presidential campaign were much more cross-party in relation to how the western world as a whole should consider its relationship to China. Again, we have to be clear with the British people that, if there were to be a much wider trade confrontation between China and the West, the UK, as a much more globally orientated trading nation, would be much more exposed to it than, say, the US. So simply being asked to replicate what another country is proposing might be a much more painful proposition for the UK than it might first appear to people who are not aware of how trade intensity affects our economy.

Specifically in relation to the US, there are a lot of areas where, frankly, I would love to see closer UK-US co-operation, particularly when it comes to trade in services, new technology and the energy transition. Again, we know why historically some of those arrangements have been harder to come to, particularly when it comes to potential US asks on agriculture; people will be very familiar with the issues around different food and agricultural standards in the US compared with here in the UK, and in a number of other perhaps less contentious areas, particularly in relation to current UK levels of taxation, digital services tax and so on.

So we could expect this to be a difficult conversation, but we will have to wait and see what the offer might be. Broadly speaking, a very clear position was put forward in the campaign from the US, but it is equally important to say that although the President-elect has talked repeatedly about trade deficits on manufactured goods with European countries, the position is different here in the UK, and we can make a different argument around that.

I conclude by saying that this will be a significant moment for global trade, and we could reasonably assume that some of the politics of trade in this Parliament will be very significant indeed.

Lord Grimstone of Boscobel: That is very helpful. Thank you.

The Chair: Secretary of State, the committee would be really interested in being kept updated on that to the extent that you feel able to do so.

- Q13 **Lord Etherton:** There was quite a lot of criticism of the previous Government about the lack of adequate stakeholder consultation in formulating trade policy. Earlier in this conversation, Ms Brooks said how important it is that there should be adequate feedback from businesses on trade policy that has been formulated. I am looking at the other end—that is, the involvement of appropriate parts of the economy in formulating trade policy. As you probably know, techUK, for example, issued a statement in July headed, “How can the Government help the UK tech sector succeed internationally?” It was quite critical about the lack of adequate consultation in relation to that sort of issue, and it made various proposals on how that could be improved. How do you intend to do better than the previous Government?

Jonathan Reynolds MP: That is a really important question. Clearly, the engagement and involvement of businesses or civil society in the formulation of trade policy is important in any country, but, as we have essentially moved to a position where we are not in the customs union anymore, these are much greater issues in UK national life, and it is even more important that we get this right.

I will ask Amanda in a moment to say something about stakeholder engagement when the mandates are being secured and the negotiations are about to be entered into, but I want to say something on that first. You will all be aware that getting the mandate renewed or established in order to engage in trade negotiations is a cross-Whitehall exercise, a write-round in the usual way, and there are complex and difficult issues to accommodate in it. Essentially, it is a way for all the stakeholders managed by the different government departments to go into that process.

To be honest, at times I feel that there is a slightly unrealistic demand to be kept up to date, in live time, about the status of negotiations. I do not see how that could ever happen to the degree that would be necessary for the kind of complexity that is involved in any big state-to-state negotiation. Amanda, could you say a little bit about the process as it stands, which people may not always appreciate fully in the public domain?

Amanda Brooks: Can I talk about the trade strategy engagements as well?

Jonathan Reynolds MP: Yes, absolutely.

Amanda Brooks: In the context of developing the trade strategy, as we are today, the Secretary of State and Minister Alexander, the Minister for Trade Policy and Economic Security, have been running a series of engagements to bring in voices and get their views. As you have heard, the Secretary of State has answered many of these questions today. We are also bringing in papers, such as the one produced by techUK that you referred to, to make sure that we are harvesting views and bringing them into our thought process as part of the trade strategy work.

On top of the consultation run through the industrial strategy Green Paper—the consultation closed last week, but there were questions on trade that, again, will feed into our trade strategy work—I believe Ministers are keen that we look to provide people with other mechanisms to provide feedback to us as we develop the trade strategy work.

In the context of specific negotiations, we do a number of different things. We rest an awful lot of weight on the call for input that we run at the start of any negotiation to bring in information from any stakeholder, including members of the public, on the opportunities for the negotiation and, indeed, the concerns that they might have about those. That helps to inform our negotiation objectives and our negotiation strategy, but it also enables us to continue to loop back to the businesses and stakeholders who provided us with intelligence at the start of the process to ensure that we have understood the points they are raising with us. It can sometimes be quite technical, so our understanding how it would work in practice is incredibly important.

So there is a continuous loop. Sometimes that might be focused on very specific policy issues that we are negotiating on at the time. Sometimes it will just be a wider update with stakeholders on the state of play of individual negotiations or across the programme as a whole. But it is a continual process, and at the moment, as I say, it is overlaid by both Secretary of State's and Minister Alexander's work in preparing the trade strategy.

Q14 **Baroness Kingsmill:** Thank you. I draw attention to my role as a non-executive director of Inditex, aka Zara, and as a senior adviser to TransAfrica digital bank.

To what extent can the UK Government support the continuing functioning of the World Trade Organization?

Jonathan Reynolds MP: That is a key question. To state the obvious, it has been a challenging time for the World Trade Organization in managing a complex geopolitical situation and a different set of commitments to multilateralism from some of its key partners. I always feel that, because those challenges have been well known, sometimes people underestimate the fact that a huge amount of global trade still exists on WTO terms. Doctor Ngozi is always keen to make this point whenever I see her. Certainly, as a country, we should not give up on the kind of multilateralism the WTO is there to embed and espouse.

In some of the international meetings that I have been privileged to

attend after the election, including the G7 and the G20 fairly recently, there is a set of people—a coalition, if you like—who want to try to make particularly the appeal and arbitration mechanisms work better with some of the interim arrangements that have been put forward. You cannot divorce the challenges of that organisation from the positions that member states take on it.

Baroness Kingsmill: What would be the UK's position?

Jonathan Reynolds MP: A lot of the questions specifically have been about the MPIA mechanism, the multi-party interim appeal mechanism. That is something in which I am interested specifically. We have been reviewing it since the election. There are a number of live trade issues where the UK coming to a position might help with the conclusion of some of them. We have to balance those negotiations and get what we want from a few of them. However—I spoke specifically about this at the G20—where we see initiatives that strengthen the role of the WTO and particularly multilateralism in principle, yes, they are something that we should be looking to take forward.

Baroness Kingsmill: Forgive me, but you sound a little uncertain as to our exact position.

Jonathan Reynolds MP: I am not uncertain. It is that I am a canny negotiator and there are certain things that I might want to achieve for the UK that it might not necessarily be helpful to be so explicit about at this stage.

Baroness Kingsmill: I should have said diplomatic.

Jonathan Reynolds MP: Diplomatic would a good word for it. This is still important. We are where we are in terms of the global position, but we would be wrong to give up on the advantages it can construe to the UK.

The Chair: Two further members of the committee have questions: Lord Hannay and Lord Fox. Lord Fox is looking astonished that I did not mention his name first. He is a very active member of this committee, in any case.

Q15 **Lord Fox:** Overactive, some would say. I will go first, in that case. I have no relevant interests to declare. Going back to the rebuild—I think Lord Hannay comes in on the same question—the Cabinet Office is leading the reset, but many of the issues come in your department, so how are you liaising, specifically on the attitude to product regulation, where divergence would be working in the face of that reset? How is your department viewing product regulation and, indeed, your relationship with the Cabinet Office?

Jonathan Reynolds MP: Absolutely. You are right to say that there is a constitutional split. Obviously the EU reset is about more than just trade, although it is an important part of it. All the analysis and data that underpins that reset is owned and provided by the Department for Business and Trade. It is extremely helpful to me that the Cabinet Office

Minister leading that reset, Nick Thomas-Symonds, is not just a friend but was previously a shadow Secretary of State for International Trade. He, perhaps uniquely, understands the trade-offs and complexities of the EU relationship in relation to the conversation around the rest of the world.

By the way, I can confidently state to you, because of our specific work with the Cabinet Office, that there are no tensions between our ambitions with the rest of the world and the EU reset. There are a couple of areas where the relationship is complex, particularly around SPS and food and agricultural standards, but we are more than confident that we can manage those adequately. So it is a close relationship.

Again, because the process of securing trade mandates is a cross-government exercise and a trade negotiation is a cross-Whitehall exercise, we have these strong relationships with a whole range of government colleagues, and colleagues in the Cabinet take a close interest in the mandate side of negotiations. With the Cabinet Office around this, I reiterate that it is not just about the trade and economic relationship; it is a particularly strong relationship at the political level. I do not know on the official level how you would characterise that, Amanda.

Amanda Brooks: Secretary of State, you sit on the Europe Committee, which is a big part of the department's engagement in the overall strategy as well as the specifics on trade and investment. I am the lead departmental official in the officials committee that sits underneath that, so I am heavily involved in helping to bring together different departments' positions. We take a particular interest as the department on services, investment, digital and technical barriers to trade and good regulatory practice. Those are areas where we lead the specialised committees that are already constituted under the EU-UK Trade and Cooperation Agreement, but obviously we have wider interests in goods regulation, as you say, and elsewhere.

Jonathan Reynolds MP: On product standards, you will know that the Product Regulation and Metrology Bill has been introduced to the Lords first and, as you would expect me to, I follow the debate closely. It seemed polarised between whether this was a Bill to make sure that we diverge from the EU, or a sort of Trojan horse to make sure that we never deviate from the EU. I am sure this came across in the debate, but the Bill is necessary because we do not have those powers as a nation state. We need to regulate in certain product areas that previously were done at the European level, and we need those powers.

The previous Government, if they had continued in office, would have needed the same Bill. Where we make decisions on that is a different question to whether we need those powers. It is an important chance to put that on the record to this committee.

Lord Fox: That is understood. The problem is that the Bill is so skeletal that everybody can superimpose their own hopes and fears on it.

Jonathan Reynolds MP: I remember when in opposition responding as a shadow Treasury Minister to the trade Bill and a few others, and they were all in that space. They are framework Bills that empower the state to make decisions, but the political decisions will come later from those political powers and be subject to all the same parliamentary scrutiny and debate that we would usually accept. However, there is a principle here that having left a supranational organisation that could legislate on certain levels for things, particularly in the trade and product standards space, we will simply need those powers to be able to have those political discussions in the future.

Q16 Lord Hannay of Chiswick: Before I go on to the questions about data that I was going to ask, I will go back to a couple of the answers you gave, Secretary of State, on the United States and the WTO. What you had to say on the WTO and the importance the Government attach to preserving what can be preserved from the wreckage created over recent years was welcome. That is good news. What I do not get clearly in my mind is whether you have established, as I think I am right in establishing, that were the United States to unilaterally impose tariffs on members of the WTO, they would be breaking the WTO agreement which they signed in the 1990s. Simple as that. No beating about the bush.

Secondly, on the United States, I noted what you said about not treating what was said on the campaign trail as holy writ. I can well understand that. It is true that none of the principal economic and trade policy operators—the special trade representative, the Treasury Secretary and the Commerce Secretary—have yet been named, and it is reasonable enough to wait until they are named and go for hearings, when we will know more about the policies they will take their departments towards.

But surely we will not still be holding back at that stage, because the whole process of the Washington game basically involves weighing in before it sets in concrete. If what is liable to be set in concrete is against Britain's interests, presumably your department will be in there saying so and lobbying against it.

Jonathan Reynolds MP: Let me take that question first. Yes, it is fair to say that we prepared several contingencies for the outcome of the US presidential election—both the result and the degree to which the campaign rhetoric may become the reality. We do not know at this stage what that process will be, but from US colleagues I detect a distinction between a view that tariffs on European countries might be a negotiating tactic for potential future trade discussions, and a view that, in relation to other parts of the world, there might be more of a standing policy based on a perceived unfairness in how the global economy is operating and wanting to do that.

From that, I say that we cannot at this stage precisely determine what form that would take for the United Kingdom. We would argue very strongly in all cases that tariffs between friendly countries with positive economic relations are in neither country's interests. They are certainly not in the interests of any country concerned about inflation and the cost

of living, because we know the effect that tariffs would have if they were put in place. So we will strongly argue for the UK's national interest within those, but we should not speculate on how we might respond to any course of action until we are dealing with the key principles and are able to have those obviously necessary bilateral conversations and to state very clearly our position if that were to occur.

On your question on the WTO, the US has already taken quite a difficult stance on the WTO. In some of the coverage of the US election that I have watched, I have not detected that regard for the kind of commitments made in the past to the WTO has been a strong part of the conversation on the promises made. So we are where we are, but, again, despite how challenging that situation is, we do not give up on the principles that sit behind it, recognising that free, fair, open, transparent and multilateral trading mechanisms—as well as their enforcement and the kind of processes by which countries can peacefully resolve disputes—have to be a good thing. They have made a strong contribution not just to prosperity but to peace and security across the world since the end of the Second World War. So it is a challenging position, but there is still a lot to play for.

Q17 Lord Hannay of Chiswick: I will move on to data governance and regulation. First, do you think that more can and should be achieved through mechanisms—perhaps alongside or outside free trade area agreements, or perhaps as part of them—to deal with digital trade agreements or co-operation with partners on issues of data governance and regulation?

Secondly, if your answer to that is broadly positive—we have been helpfully briefed by officials from your department that it has tended to be positive—what are your views on the relationship of such matters to the important decision that the Commission has to take next year on data adequacy and whether the United Kingdom is ruled as a data-adequate entity? It seems to me—perhaps you will correct me—that there is some risk of a contradiction between those two things, or of them not fitting together. An answer on that would be helpful.

Also on data, when we heard from Douglas Alexander recently, he talked about shifting the balance a bit from a bilateral to a multilateral approach to digital trade. What are the opportunities and challenges there? Will the e-commerce text that was agreed in the WTO stand the test of time? Will we stick up for it?

Jonathan Reynolds MP: I will try to be a bit briefer so that we can fit everybody in. We are very positive about data, which is a crucial part of enabling digital trade. We are much animated by all EU adequacy decisions, but clearly this is a fundamentally important one. I will ask Amanda to come in on some of the detail, but certainly the Data (Use and Access) Bill was developed particularly with a view to the importance of retaining EU adequacy.

Amanda Brooks: The key thing is that work on data adequacy is led by our colleagues in the Department for Science, Innovation and

Technology. We work very closely with them as we develop digital trade agreements to ensure that we are taking no positions that would have impacts on our data adequacy positions and would therefore have unintended consequences.

As you know, it is not just the UK that has been developing digital trade agreements with other countries. The EU recently signed a digital trade agreement with Singapore. So this is an area where multiple countries are looking at the opportunities from digital trade while maintaining the protection of their data adequacy provisions.

Jonathan Reynolds MP: On the bilateral/multilateral question, the e-commerce joint initiative is very good. It shows exactly the sort of practical difference that multilateral agreements can make. There are some other good examples. The e-commerce moratorium and the services domestic regulation joint initiative are in that space. I would not necessarily describe it as one having primacy over the other. It is more that there is a whole range of things, as we talked about at the beginning, that are necessary for an effective and successful trade policy. They do different things.

Again, there are obvious reasons why the press will always be the most interested in some of the big FTA negotiations, but this is an example of something that can do practical, positive things. We should also consider the full toolkit in every conversation.

The Chair: Lord German has been waiting patiently in some part of Asia, I am not sure which.

Q18 **Lord German:** Thank you. Can I quickly pick something up with you, Secretary of State? It is a timetabling issue. On the one hand, you have helpfully said that you are going to weigh up what might happen in the USA. On the other hand, you have in your manifesto, on relations with the EU, that you have to tear down unnecessary barriers to trade. Obviously, the second of those—the EU trade bit—can be progressed, especially with the TCA coming up for negotiation. Do you anticipate, therefore, slowing down that operation with the EU while you wait for your weighing up of consequences to appear as something concrete?

Jonathan Reynolds MP: Yes. You are right to raise that tension between a lot of the things that are going on around the world.

Let us look at some of the fundamental things we are seeking in that EU reset: the mutual recognition of professional qualifications; an SPS agreement with the EU, given that we have the same food and agricultural standards operating in the same way as they did before we left the European Union; and aspects of business mobility, which are not in the freedom of movement or immigration spaces but are about the ease with which you can do business from the EU to the UK. These are all things that we have a strong, reciprocal and mutual interest in achieving, I would say.

Clearly, if we wanted to, we could unilaterally recognise European standards on some of these things, such as professional qualifications, but there are benefits for both sides in coming to a common agreement in order to achieve them. None of these things involve any fundamental issues of policy, in the sense that we already have a set of food and SPS standards that are consistent with doing a strong deal with the European Union. We already have high professional qualifications on either side. IT is really about how we put the agreement in place, continue the confidence and use that to remove unnecessary barriers to trade.

Some of the questions that may come from a pitch from the US on a trade agreement, for instance, would perhaps be of a different degree. They would involve us having a serious national conversation about whether we wanted to change some of our standards or regulations in some of these areas. Look, we cannot control what the offer might be to the UK. All we can say is that we will seek at all times what is in the maximum UK national interest. The fact that we have an independent trade policy in that regard makes it an explicitly UK decision, but, fundamentally, the question will always have to be: what is in the hard-headed assessment of the best deal for the UK?

The Chair: Which may sometimes involve balancing different interests.

Jonathan Reynolds MP: That can often be the case, but I think we would all recognise that any question of us seeking to choose between key markets. Offers will be made to the UK, but we will have to see what they are before we can determine whether they are something that we would like to pursue in greater detail.

Q19 **Lord Boateng:** Following on from that comment about balancing interests, you, Secretary of State, have brought great enthusiasm, commitment and passion to your relatively new task. However, when you look at the UK's interests, you see that we face a climate crisis with a direct impact on the UK; a world in which, post Covid, health emergencies remain a problem and a cause of concern; and migration driven partly by food insecurity and, indeed, by climate change.

In the context of the WTO, have you had time to turn your attention to intellectual property matters, such as TRIPS and all that follows on from it, because they have a direct bearing on our capacity to deal with these issues of climate crisis, a health emergency and food insecurity? Are you going to bring in any new proposals or new drive to reform the WTO so that it is a better agency for delivering on our aspirations in relation to those three existential problems facing the world?

Jonathan Reynolds MP: Since the election, we have been much engaged with the WTO and very much part of the international assemblies that we have been present at. I have not been made aware of any specific policy in relation to TRIPS that the UK itself has developed. I do not know whether there is something on the intellectual property side. Amanda may want to come in on that.

The other part of this is making sure that we are part of the coalitions that are essential to finding a way through some of these difficult things in multilateral fora. That has been very successful, particularly in relation to like-minded countries and the personal relationships that you build up through attendance at these things and the role that we play in them.

I do not have a specific answer for you on the intellectual property side, but I will ask Amanda to comment on whether there is anything on an official level we have been privy to.

Amanda Brooks: On the upside, you are seeing Ambassador Manley and Claire Vince tomorrow, I believe, to discuss the WTO and multilateral issues, and I am sure that they will be able to answer this question better than I can.

As you will know, the TRIPS agreement is regularly debated in the WTO, partly because there are various review clauses/moratoriums that need to be considered from time to time. Those are not particularly at the forefront of the discussions in the WTO at this precise moment. That is not to say that they have not been or will not be in future. This is an area where the UK has taken very clear positions in the past. As the conversations unfold in the WTO, where every member has its own voice and we need to reach consensus, certainly we officials will be talking to Ministers about the role that the UK can play in those discussions.

Lord Boateng: Is that likely to be a positive role rather than “do nothing, say nothing”?

Amanda Brooks: I cannot pre-empt those discussions. That would be unfortunate.

Lord Boateng: You cannot, but the Secretary of State can help us.

Jonathan Reynolds MP: I always try to be positive in all regards. The engagement that we have had with the WTO to date has been very positive, and if, say, Dr Ngozi or other key officials were here, I think they would welcome the relationship that we have established.

Lord Boateng: That is good news. Thank you, Secretary of State.

The Chair: Thank you very much indeed. We have trespassed on your time so much. The committee is very grateful. You have given us a great deal of information and covered a great deal of ground. Thank you, Secretary of State. Thank you, Ms Brooks. We also thank all the officials behind you who have, I am sure, contributed to your briefings.

Jonathan Reynolds MP: It has been a real pleasure to come. I just want to say—I think this has already happened since the election—that there will, I am sure, be times when you would prefer a confidential meeting with some of our trade negotiators about some of the current clauses and that sort of thing. Obviously, we are more than happy to keep facilitating those.

The Chair: Thank you very much for that.