

International Trade Committee

Oral evidence: The G7 and international trade, HC 125

Wednesday 19 May 2021

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Members present: Angus Brendan MacNeil (Chair); Paul Girvan; Sir Mark Hendrick; Anthony Mangnall; Taiwo Owatemi; Lloyd Russell-Moyle; Martin Vickers; Mick Whitley; Craig Williams.

Questions 18 - 49

Witnesses

[II](#): Rt Hon Elizabeth Truss MP, Secretary of State for International Trade and President of the Board of Trade; Claire Vince, Director, Global Trade and Delivery, Department for International Trade; and Tom Wintle, Deputy Director, Multilateral Trade, Department for International Trade.



Examination of witnesses

Witnesses: Rt Hon Elizabeth Truss MP, Claire Vince and Tom Wintle.

Q18 **Chair:** We will now move to the Secretary of State, who I see is waiting patiently. We appreciate that, Secretary of State. You have somebody with you, who I think is Tom Wintle, I assume. Anyway, I will let you introduce yourself first, Secretary of State.

Elizabeth Truss: Thank you, Chairman. This is Tom Wintle, who is head of our WTO team. We also have in a separate location the head of our trade disputes team, Claire Vince.

Chair: Okay. Is Claire Vince there? Do we have you on camera and prepared, Claire?

Elizabeth Truss: She is there; she is on dark but it says "Witness Claire", yes. That is her.

Q19 **Chair:** Okay, we shall crack on. Before Mick Whitley opens the breadth of this, I have had some communication from the Crown dependencies asking about the free trade participation with Australia. When do you envisage the Crown dependencies will be participating in anything to do with the free trade agreement, and what steps have been taken in terms of Gibraltar's participation in that agreement in particular, given the loss of market access to the EU and its needing to secure new markets? It is not just them; it is all the Crown dependencies.

Elizabeth Truss: We are very concerned to make sure that our Crown dependencies can take part in our free trade deals, and we are working very closely with their Governments, including the Government of Gibraltar.

Q20 **Chair:** Perhaps not closely enough. Could I prod you a bit more?

Elizabeth Truss: I have discussed the issue with the Chief Minister of Gibraltar, but I am happy to have a further discussion with him.

Q21 **Chair:** Okay. Before we get into the meat of this, the *Financial Times* yesterday led with a very relevant trade issue. As traffic lights are the main chat of the time, if you were to use a traffic light metaphor, which colour do you think best represents the Cabinet's view on proceeding with the UK-Australia trade deal, especially the effects as they could be felt in the agricultural sector?

Elizabeth Truss: I have an opening statement on the WTO, but I will answer your question first and then I hope to be able to give my opening statement.

The answer is that the deal we are working on with Australia, and we are currently in a sprint with a view to getting to agreement in principle by



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early June, will have benefits for all nations and regions of the United Kingdom and all industries, including the agriculture industry.

Q22 **Chair:** Do you think the NFU agrees with you?

Elizabeth Truss: I have had discussions with the National Farmers Union. I have been very clear with them that, of course, I am always looking to make sure, as I have committed to, British farmers will not be undercut by unfair practices from elsewhere. We will make sure in all the deals we do that British farming thrives, and I am absolutely confident that that will be achieved through the Australia deal. The Australia deal is also the gateway to CPTPP, which has huge opportunities for British farming. We see that 66% of the world's middle classes are going to be in Asia by 2030, growing demand for products like beef and lamb, so both Australian and CPTPP access is positive for British farming.

Q23 **Chair:** I am sure it is music to the ears of the various NFUs that there will not be an open door for Australian agricultural produce and that the gambit of chancing their arm will be seen as exactly that, a gambit of chancing their arm.

Do you want to make a statement first, Secretary of State?

Elizabeth Truss: Thank you, Chairman. This is a crucial year for the UK as we are now an independent trading nation for the first time in 50 years. We have launched the UK global tariff and we are striking British trade deals. I also think it is a crucial year for global trade as we recover from the pandemic. This winter in Geneva will be the first ministerial WTO conference for three years. We have a new director-general of the WTO, who wants to achieve reform. I believe this is an unfrozen moment to make our trading system work. If we do not make progress, there is a real danger of the trading system fragmenting.

The UK is taking the opportunity of our leadership of the G7 trade track, one of the priorities of which is free and fair trade, to make the trading system work and to work with likeminded G7 democracies to shape the future of global trade. The focus of the trade track is setting the agenda for WTO reform. In particular, we want to get a fully functioning dispute settlement system, to tackle the unfair subsidies in industry and to modernise the World Trade Organisation rulebook, particularly in areas like digital and green trade. We also want to prioritise trade in health and recovering from the pandemic, as well as women's economic empowerment.

I think it is vital that the WTO gets momentum, and it is important that we close the fisheries negotiation this summer to get the organisation back on track. More broadly, it is vital that democracies win the battle for the future of global trade. One of the key focuses of the trade track is dealing with market-distorting practices, particularly from non-market economies like China. The fact is that the WTO was created in 1995 when the Chinese economy was a tenth the size of the US economy, yet China is still treated as a developing country in the WTO. We can see the impact



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in the steel industry, where the market is 40% over capacity, and around 85% of aluminium subsidies in recent years have gone to just five Chinese firms.

The fact is that we have been too soft on China's unfair trading practices for too long, and that is why we want to improve our toolkit multilaterally and unilaterally. We are working on a multilateral basis to put in place better rules at the WTO and to agree new rules on industrial subsidies. We are working with likeminded allies such as the United States. Later today, I will be talking to Katherine Tai. We are currently working on the Airbus-Boeing negotiations and one of the elements of that, alongside dealing with disciplines in terms of aircraft subsidies, is talking about how we deal with aerospace competition from China. I am also in talks with Gina Raimondo, the Commerce Secretary, on resolving the 232 tariffs and, again, dealing with unfair practices from third parties.

As well as working multilaterally and plurilaterally, I am also looking at what the UK can do to expand our toolbox. The current trade remedies system, which was set up in 2018, has limits on the powers of the Secretary of State. It means that when an independent decision is made by the Trade Remedies Authority, the Secretary of State only has a downward ratchet. For example, in the case of the current steel safeguards review, the only choice I have under the law is whether to accept the TRA's recommendation or to see all safeguard measures expire on 30 June. I cannot retain measures against their advice. I am reviewing these powers to explore strengthening them, and I am also working closely with the Business Secretary to make sure anti-dumping measures are up to date in the current context, not least following the pandemic.

I am determined to make sure that the UK has a leading trade remedies system and that we are using the strength of working with our likeminded allies to challenge unfair practices around the world.

Chair: Thank you, Secretary of State. That is an interesting final bit. I am sure we will pick that up, but I am anxious to go to Mick Whitley first.

Q24 **Mick Whitley:** Good afternoon, Minister. What engagement has the Government undertaken with business groups and civil society to develop the trade track ahead of the G7 summit, and how has this informed the agenda?

Elizabeth Truss: We have engaged with the B7 group of business leaders to make sure we are reflecting the interests of commerce and business in our negotiations. Of course, through our trade advisory groups we have a trade union advisory group, we have advisory groups of think tanks and civil society, and they feed into our broader trade agenda, which is also reflected in the work we do through the trade track.

Q25 **Chair:** Moving on to the trade track, what progress has been made by G7 Ministers since the March meeting? How will discussions on trade be



incorporated in the G7 leaders' summit programme when they meet in Cornwall?

Elizabeth Truss: I outlined in my opening statement the key areas that we are focusing on in the trade track, namely reforming the way the WTO works but also introducing more rules in areas like digital trade and green trade. You will have seen from the read-out of the first meeting that we have made progress on agreeing the broad principles; for example, the free flow of data with trust, the idea that we need to do more work on green trade, and the broad thrust of working more closely on dealing with unfair industrial subsidies.

In the next meeting in May, I expect to go into greater detail on those issues. We have a further meeting in October and, as I said in my statement, the key thing we need to do is help shape the agenda for the MC12 conference, which takes place in Geneva this December. I expect some of the issues to be escalated to the leaders' track, areas like the overall functioning of the WTO and how we modernise rules, but also areas like fisheries negotiations, which I am keen for the G7 leaders to push forward so that we can make real progress at the WTO this summer.

Q26 **Chair:** You mentioned the TRA in your statement and that you can only ratchet down. You want to have the potential of ratcheting up. All this stuff is new, and it is a sudden change at this stage. Why was this not done at the beginning? What is the point of the TRA? You can just politically choose to ratchet up and down anyway now.

Elizabeth Truss: The rules of the TRA were set in legislation in 2018, and I think we are in very different times now. We have had a global pandemic. We are much clearer about the issues of supply chains. I have briefed the Committee before on Project Defend, the way we are analysing critical goods.

What we are finding is that a lot of our likeminded allies, like the United States, are looking again at the tools they have to deal with unfair trade practices from overseas. What I am saying is that I am not making a definitive statement about what we need to do, but I do think we need to look at this toolbox alongside action at a multilateral level. I am pointing out that, in the case of the TRA, once the TRA makes a recommendation to me about safeguards, about dropping a safeguard, currently as Secretary of State I do not have powers to impose that safeguard. I simply have a downward ratchet, if you like, of either accepting their recommendation or not following through on the safeguards at all. I think this is something we need to look at.

Q27 **Chair:** So the TRA would be surplus to requirements. You could just make the decision anyway, Minister, rather than meandering through the TRA.

Elizabeth Truss: It is important that we have an independent, evidence-based review, and that is best practice across the world, but it is also



important that we look specifically at the public interest here in the United Kingdom and that it is properly reflected in the system. When we are looking at our trade remedies landscape, we need to make sure we are comparable with other similar countries or other similar trading regimes.

The independence point is important. It is important that we operate within WTO rules, but what I am saying is that, in tandem with upgrading the WTO rules—and they still are not good enough in areas like transparency around industrial subsidies, they are still not good enough on the subsidies rules themselves—we need to look at what the UK can do specifically. We are operating in a very different environment from the environment we were operating in five or 10 years ago.

Q28 Chair: Aren't you making a trade war even more likely when it is now seen by everybody that decisions are not based on an investigation by almost a dispassionate panel of experts but that, with political pressure from the *Daily Mail* or the *Daily Telegraph*, the Secretary of State has ratcheted up trade defence measures? It is going to look highly political and will demand reactions elsewhere, and you are in a trade war situation very quickly.

Elizabeth Truss: I am not in any way proposing that. What I am saying is that we have a—

Chair: But there is a danger of it happening.

Elizabeth Truss: We have an independent body in this country, and it is right that the facts are dispassionately looked at. However, we are facing a situation where other countries are reviewing the tools available. I think it is only right that we look at what tools we have available to deal with unfair practices. The best option, of course, is to achieve these changes at a multilateral level, to have them embedded in the World Trade Organisation, but it is important that we have the right tools here in the UK to handle any circumstances that might arise.

Q29 Chair: Okay, I will move on. It flashes "trade war" at me, but we will leave it there.

I will move on to the Covid response. G20 Ministers have led the international trade response to the Covid-19 pandemic to date. What is the added benefit of including this in the G7 trade track mechanism?

Elizabeth Truss: This is vitally important and, as you say, G20 Trade Ministers made considerable progress last year in agreeing that any restrictions should be temporary, justifiable and specific, but we are still seeing export restrictions in place from a number of countries. Although many countries have signed up to the TAHI initiative, as the United Kingdom has, there are still too many export restrictions in place. That is a problem for the supply of vaccines, which is, of course, a critical issue for global health at the moment. This initiative remains important. We need to persuade our friends and allies to remove their export



restrictions, and we also need to work with likeminded allies to increase the rate of vaccine deployment. I have recently had a conversation with Dr Ngozi about this. How do we increase technology transfer? How do we increase voluntary licensing to make sure we have the vaccines to vaccinate the world?

Q30 **Martin Vickers:** Business 7, an official stakeholder group of the G7, has recommended that G7 members commit to updating the 1995 WTO pharmaceuticals tariff elimination agreement and to negotiating a new plurilateral agreement on trade and health. What is our Government's view on that?

Elizabeth Truss: I support the idea that we should be lowering tariffs on key medical devices and medical equipment. The UK is a supporter of that principle, along with eliminating export restrictions and working together to expand voluntary licensing so we can increase vaccine supply.

Q31 **Martin Vickers:** Do you actually support a new agreement, or do you think you can work within the present framework?

Elizabeth Truss: I support a new agreement. I think that would be a good thing.

Martin Vickers: Excellent, thank you.

Q32 **Lloyd Russell-Moyle:** The US Administration now supports waiving intellectual property protections for Covid vaccines, and around 60 countries are supporting a WTO proposal along similar lines to India and South Africa. What is the UK's position on this, and what consideration will be taken at the G7?

Elizabeth Truss: Our position on this is that the key way we are going to see vaccine supply rolled out is through voluntary licensing, as we have done with the Oxford/AstraZeneca vaccine, which has been licensed to the Serum Institute of India. We want to see more of that type of model, and we also want to see more technology transfer so that the relevant skills are in place to roll out this capacity.

I am yet to see any evidence that additional flexibilities in the IP regime would help achieve those goals. I have said that I am happy to look at the US proposals when they come forward, but as yet the US has not tabled any text. Certainly, the proposal that was put forward previously by India and South Africa is very broadly drawn and I have concerns that it could damage incentives to innovate in the future. What we have said as the UK is that we are prepared to be pragmatic. We want to look at what will result in increased vaccine supply. Of course, we will look at the text when the US tables it, but it has not tabled text yet.

The other point I would make is that any such negotiations are likely to take some time. Even when the text is tabled, the estimate is that the negotiations would take into 2022. My view is that we need to get on with the actual deployment of increased vaccine supply before then. Again, I



urge partners around the world to remove their export restrictions because it appears to me that one of the limiting factors of more vaccine supply is that the components are not necessarily coming through to the vaccine producers.

Q33 **Lloyd Russell-Moyle:** I do not disagree with anything you have said about vaccine supply. Seeing as we know, for example, that the research for the AstraZeneca vaccine was 97% publicly funded, as is the case with a number of other vaccines, rather than dismissing the Indian and South African negotiation starting point was there any consideration of Britain putting constructive amendments down to be able to bag that issue and then be able to focus on the issue that you say, and I probably agree with you, is also important? There is no silver bullet to this; we will have to get it right on multiple fronts.

Elizabeth Truss: As I said, we are yet to see the US proposal, which was positioned as being a much narrower proposal than the India-South Africa proposal. The India-South Africa proposal is very broad, and I am concerned that it would damage the incentive to innovate in future. The fact is that during this pandemic the development of these vaccines on a rapid basis has been a real success. What we do not want is that innovation not to happen in the future because those incentives have been damaged. While I am very prepared—

Lloyd Russell-Moyle: The AstraZeneca one was rapidly done, and it was 97% publicly funded.

Elizabeth Truss: I agree, and it has been a huge success of Government working with the private sector. The way that AstraZeneca has worked with us and the Indian Government, the Serum Institute of India, to roll it out is an example of the way forward. What I want to see is more pharmaceutical companies voluntarily licensing their products around the world. There was a statement earlier from some of the pharmaceutical companies saying that they are going to do exactly that.

I am yet to be convinced that there is a proposal on the IP waiver that would see any extra capacity delivered, and that for me is the key issue. What is practically going to increase the amount of vaccine capacity delivered? One of the major things holding vaccine capacity back from being delivered is export restrictions that are in place. I suggest that other countries would be well advised to remove their export restrictions before we spend a long time negotiating a waiver.

I am not being ideological about this. If there is a proposal on the table from the US that is reasonable, I have said that we will engage with that proposal, but as yet we have not seen it.

Q34 **Lloyd Russell-Moyle:** I appreciate that. You have mentioned a number of times that you prefer voluntary licensing. Oxford/AstraZeneca has been a world leader in that with the Serum Institute, and that is good. Has your Department or any other UK trade representative had



conversations with any other provider that wishes to have that licence? If you say you would like more voluntary licences, it only works if there are providers that wish to use that voluntary licence. Through our trade envoys, have we been reaching out to all those producers around the world to see if anyone else wants to use Oxford/AstraZeneca? Are we doing that matchmaking process?

Elizabeth Truss: We are working on that through a number of channels. This is something that Nadhim Zahawi, the vaccines Minister who I am working closely with on this issue, is working on. Dr Ngozi at the WTO is also working to identify potential locations where new licences could be rolled out. This is a process that we are working on internationally. We are also working through the Covax programme looking at potential sites. I am aware of some. I can't mention them at this stage because it is confidential and they are being assessed, but that work is going on.

Q35 **Lloyd Russell-Moyle:** Has your Department been putting pressure on other companies to allow that at-cost licensing, which does not make a profit?

Elizabeth Truss: That is a matter for the vaccines Minister, Nadhim Zahawi. I know he is having those conversations. I know that the United States Government are having those conversations, too. Those are being brought together through Dr Ngozi at the WTO.

Chair: Thank you very much, an interesting exchange indeed.

Q36 **Mick Whitley:** Secretary of State, Business 7 has said that the G7 must develop a common position on major WTO reform initiatives with a cross-presidency work plan in 2021 to deliver them. What work is the G7 undertaking to achieve this?

Elizabeth Truss: That is precisely what we are doing. I have listed the issues that we are working on: making sure we are looking at green trade, digital trade, health, women's economic empowerment and the broader issues of WTO reform, namely a dispute settlement system, industrial subsidies and, more broadly, subsidy reform. We are looking at all those issues across the board and special and differential treatment, with a view to coming to a consensus at the G7, and also working through other groups that the UK is part of. We recently joined the Ottawa group of trade reforming nations. We are looking at those issues there. The idea is to get a common view on how we move forward. That will also be discussed at the G20 meeting taking place in October, so that when we get to the MC12 conference in December there is a road map for the way forward.

It is important to recognise that everybody is going to have to move. There is going to have to be a grand bargain. Some countries are reluctant to commit on the dispute settlement system; others are concerned about industrial subsidies; other countries are concerned about areas like agricultural subsidy. In order to make the WTO work properly, those issues have to be addressed in the round and there has to



be a road map for the way forward. I think MC12 is the opportunity to do that. The WTO needs to show momentum this year. I think it is very important that we close the fisheries negotiations this summer, and it is very important that when we get to the MC12 conference there is a genuine road map that we can plot out the future and know that these issues are on the way to being resolved.

Mick Whitley: Thank you for that. That was comprehensive.

Q37 **Craig Williams:** Secretary of State, could I open up WTO reform? The G7 has tried this before and I guess we are, as you alluded to, in a very different world for a number of reasons. What do you think is different in our approach this year as the host of the G7 in terms of getting this WTO reform narrative on the agenda and something meaningful?

Elizabeth Truss: This is the first time the G7 has ever had a trade track, where Trade Ministers meet. Previously, the G20 has had a trade track, which I participated in last year, but this is the first time the G7 has a trade track. What is significant about that is that this is about democracies working together to make sure the global trading system is supporting democratic free enterprise, making sure we deal with unfair subsidies from state-owned enterprises, making sure we are dealing with unfair practices from non-market economies. That is widely recognised as being an issue. It has risen up the agenda. I was answering the Chairman's question about steel. We now understand the strategic importance of some of these products in a way that perhaps was not widely understood before the pandemic. I think there is a new focus on changing the way that the WTO works, not allowing the freeriding that has been going on for a number of years now, and also the fact that the WTO has not successfully concluded a negotiation for a while. That is why getting the fisheries negotiation over the line is so important.

In terms of the UK approach, we have a twin-track approach. We are working multilaterally, but we are also working bilaterally and we are working to join organisations like the CPTPP that provide alternative rules-based systems that we can be part of. There is a genuine risk that the WTO will not be able to be reformed, so we need to look at what our twin-track strategy is, if you like.

Q38 **Craig Williams:** Absolutely. We have seen in recent days the narrative around the Australian deal on animal welfare and food production standards. Do you think this is something we can drive in the WTO now, so we can engage in our future FTAs without the—I do not use the word “scaremongering” lightly—scare stories that we get around food production standards around the world?

Elizabeth Truss: Animal welfare is becoming an increasingly important issue in global trade, not just in the United Kingdom but also in countries like Australia, the United States and others. I think we can work bilaterally with Australia on animal welfare, and I have had discussions on



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that. We can also work together to change the global rules on this type of issue so that consumers have confidence.

The other issue on agriculture is, of course, agricultural subsidies. There are many developing countries that are currently shut out of markets, often heavily subsidised markets, and they rightly think that is unfair. If we are to see the WTO reform on industrial subsidies, the developed world needs to move on areas like agriculture, too. WTO reform will take movement from all sides to make it successful, and it is a massive task that Dr Ngozi has on her hands. You mentioned, Craig, that in the past there has not been success on that front, but I think that with an Administration in the United States that wants to engage multilaterally, with a new director-general who is dynamic and who is determined to achieve reform, in the wake of a global pandemic that has a huge impact on trade, if we cannot reform the WTO now, when can we reform it?

We want to put our shoulders to the wheel to make it happen this year, and we are pushing as hard as we can. I cannot promise that we will make rapid progress, but we need to make progress. It will be good for global growth and for recovery from the pandemic if we are able to make that progress.

Q39 Craig Williams: We can all see on your social media feed that you engage with a lot of countries on a daily, if not hourly, basis. What consideration has been done to pull in the WTO members that are not represented at or invited to the G7, particularly the developing countries, in the discussions that will frame your trade track?

Elizabeth Truss: We are having discussions with a wide range of countries. For example, New Zealand is leading APEC this year and we are comparing notes with New Zealand on the various aspects of WTO reform that we want to consider. We have also been working with the Ottawa group. We have a meeting with the Ottawa group next week, again to talk about these issues. We are working with Commonwealth nations as well. We are using all of our networks as the United Kingdom to bring different groups of countries on board.

There is enthusiasm from Trade Ministers to see this happen. The MC12 conference in Geneva is going to be very important in showing a way forward for the WTO. I think everybody realises the time is now to get it done. I spend a lot of time talking to the WTO about the WTO, alongside the bilateral discussions we are having, and I think there is an appetite for reform to happen, but I am by no means suggesting this is easy.

Q40 Martin Vickers: Secretary of State, you have spoken quite a lot about market-distorting practices and how the Government would like to see this tackled internationally. Could you expand a little on how you want to carry that through during the G7 trade track?

Elizabeth Truss: Within the trade track we are looking at issues like transparency of declaration of industrial subsidies. We are looking at how



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the rules could be updated at the World Trade Organisation to include more categories of subsidy. Those are the issues we are looking at. What I would want to do is discuss those at G20 level as well to see what can be agreed at the WTO. As I have said, I think it is part of a broader discussion that also includes dispute settlement. It includes agricultural negotiation as well. It includes other negotiations. Fundamentally, what we need to do is improve the transparency and upgrade the rules.

Q41 Martin Vickers: Are you optimistic, having had some preliminary discussions with other major countries, that they will be supportive of that?

Elizabeth Truss: Yes, we have already made progress and I am optimistic that we can make further progress. As I have said, it is a tough ask to get change at the WTO, but I think we have to push that. We also have to look at bilateral ways of dealing with this issue, hence why we are discussing this in the context of Airbus-Boeing and 232 with the United States. We are also talking about these issues with Australia. We are talking about these issues with Japan. I think that likeminded democracies need to work together to challenge this type of behaviour in the world trading system. It is in everybody's interests. It is in China's interest for the WTO to work.

Q42 Taiwo Owatemi: Secretary of State, you have explicitly referred to dealing with carbon leakage as part of the trade track discussions. What proposals are the Government putting forward to address carbon leakage at a multilateral level?

Elizabeth Truss: First of all, we are working very hard on the COP summit, under the leadership of Alok Sharma, to seek to get countries to agree to Net Zero targets. That is the first best option. We have to recognise that, over time, carbon leakage, while not an explicit problem at the moment, could become an issue if there are countries that do not have those zero carbon targets.

What we are doing is working on the initial phases of, first of all, what data we need to collect. At the moment the data are not very clear. Secondly, the important principle is that it should be done on a multilateral basis. The WTO was set up in 1995. It was set up before the first COP meeting, when the issue of climate change was not so high up the political agenda and high up our agenda. We now need to reform the WTO to reflect the carbon issue.

What I am concerned about is if countries start adopting unilateral measures that are not evidence based and data based. This is why I would like the G7 and, subsequently, the WTO to embed this in the multilateral system, because I think that is the proper place for it.

Q43 Chair: It is interesting to hear that we are looking for an evidence base. It goes back to the talk on the TRA that the other countries could throw at you, Secretary of State. It seems an interesting juxtaposition there,



does it not?

Elizabeth Truss: I think they are very closely related issues. I believe in free and fair trade, but we cannot be in a situation of British products being produced to high standards and being undercut by either unfair state subsidies or, potentially, methods that are not allowed in the UK due to a carbon target. What I want to see is that fairness embedded into the international system.

Q44 **Chair:** Who will be the arbiter of fairness on your side? Is it just yourself at the Department? How will that be arrived at?

Elizabeth Truss: What I am suggesting in the case of carbon leakage is that there is proper international data collection on this issue. We are still in the early stages of these discussions, but the fundamental principle is that it has to be based on data and it has to be multilateral.

Q45 **Chair:** Okay. We are coming towards the end. The G7 Trade Ministers have committed to advance the joint statement initiative on e-commerce ahead of the 12th ministerial conference. What are the UK's objectives for this initiative, and when will they be published?

Elizabeth Truss: What we want to see, in so far as possible, is the free flow of data with trust. That is embedded in the bilateral trade agreement that we signed with Japan. We want to see a minimum of carve-outs, essentially, from that free flow of data principle, and we would like to see it adopted more widely. That is what we are in discussion with G7 partners about.

Q46 **Chair:** What steps do you think G7 Ministers need to take in considering the views on digital trade of countries not participating in the joint statement initiative on e-commerce negotiations? How will you take into account those that are not quite at the table?

Elizabeth Truss: I want to see more countries come to the table. We have seen through the Covid crisis that digital is becoming more and more important, and it needs to be embedded in our trading system. I would like to see more countries participate in those negotiations. Ultimately, I would like it to become a multilateral discussion where all members of the WTO are part of it.

Q47 **Chair:** I was asking about the objectives on e-commerce. The UK Government say they want to be bold as president of the G7 and have highlighted four objectives, such as WTO reform, trade in health and digital trade, as we have been talking about, and trade and climate policy. They want to steer the G7 into delivering these aims, but there are critics who would say, "What is the UK's trade policy strategy across these four objectives that as a Committee, as a Parliament and as nations of the UK we can review, assess and get behind or improve?" There seems to be a reluctance in the Department and across Whitehall to come forward with a trade policy and a strategy at a time when the UK is asking the G7 to get behind such ambitions at a summit. What will you



say to that? When are we going to see a trade policy, as we often hear, or a strategy, rather than going from free trade negotiation to free trade negotiation?

Elizabeth Truss: Earlier this year I outlined the fundamental principles in the speech I gave to Chatham House. Actually, it was probably last year rather than this year, but I outlined those fundamental principles around free and fair trade. That is the UK's policy, that we believe in trade liberalisation but it has to be on a fair basis. It cannot be the case that British industry is undercut by unfair practices, whether that is environmental degradation, unfair practices on animal welfare or unfair practices through state-owned enterprises and industrial subsidies. That is our overall principle that we operate on.

We have shown in the free trade agreements we have delivered—for example, the deal with Japan—that we are prepared to go further and faster than the EU in areas like digital liberalisation and mobility. That is our overall stance that we have presented at the G7. After the first G7 meeting we published a chair's statement that was agreed by all G7 members, and I think we share those objectives with our friends and allies.

Q48 **Chair:** Isn't a wider trade policy strategy required to establish a vision of the trade and industrial policies for the current UK?

Elizabeth Truss: I believe we have already set those out pretty clearly, Mr Chairman. During this session I have answered questions on what our position is on all those issues.

Q49 **Chair:** Do you feel that the critics who say otherwise are detractors who are essentially wrong?

Elizabeth Truss: I would say that what people in the United Kingdom want to see is me delivering real benefits for businesses across the UK in terms of new trade deals, better rules at the World Trade Organisation and a strong trade defence system, and I am getting on with that.

Chair: Fair enough. Thank you very much, Secretary of State. I am sure that must be music to the various NFU ears as well. It is the topic of the week, as we know.

Thank you for your time today. We wish you well in your endeavours and your various negotiations, and that nothing is done in haste that is repented at great leisure across any sector that we might represent. I am sure it will not be too long until we see you again in front of the Committee. It is always a great pleasure. Thank you very much for attending this afternoon.

Elizabeth Truss: Thank you.