

International Trade Committee

Oral evidence: COP26 and international trade, HC 605

Wednesday 27 October 2021

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier, Paul Girvan, Sir Mark Hendrick, Tony Lloyd, Anthony Mangnall, Lloyd Russell-Moyle, Martin Vickers, Mick Whitley.

Questions 29 - 71

Witnesses

I: Rt Hon. Anne-Marie Trevelyan MP, Secretary of State for International Trade, Department for International Trade.



Examination of witness

Witness: Rt Hon. Anne-Marie Trevelyan MP.

Q29 **Chair:** Good morning and welcome to this International Trade Committee evidence session with the Secretary of State on COP and international trade. Thank you very much, new Secretary of State, for coming to our session in the House of Commons. I understand you might have an opening statement that you would like to give before we start Committee time.

Anne-Marie Trevelyan: Thank you, Chair. First, I would just like to congratulate the Committee on conducting this inquiry, and looking at COP and the role that international trade can play in tackling climate change. As a previous Energy Minister with responsibility for delivering net zero, and in continuing to have my role as the international champion for adaptation in COP26, these are, for me, all extremely symbiotic things, so it is fantastic to see you all looking at this in detail.

This is a pivotal moment for us as a planet. We all need to genuinely join together in the fight against climate change and in reducing carbon emissions to net zero by 2050 to avoid some of the more catastrophic risks that our climate disruptions are causing.

The UK is genuinely leading the way on this agenda. We were the first major economy to legislate for net zero emissions by 2050. Last year, the Prime Minister announced a world-leading target to reduce greenhouse gas emissions by at least 68% by 2030. I put the carbon budget 6 into law earlier this summer—my signature is on it, so the sense of pressure is quite real—to increase our ambition at real pace to 78% by 2035. In addition to leading the call for global climate ambition to be raised, which is a collective effort that all countries need to participate in if we are to meet the challenge, our COP presidency is also the highest profile opportunity to showcase the UK's climate leadership, including our clean growth offer.

Whilst international trade and investment are not the focus of high-level discussion at COPs themselves, trade is a key enabler in driving the green transition. Those increased climate ambition commitments will be delivered in large part through private sector solutions. These solutions will create considerable new trade and investment opportunities within the global green economy, which UK companies will be well placed to leverage. To ensure that we are maximising these opportunities and speeding that global green transition, DIT is supporting wider HMG COP26 objectives. We are engaging with businesses across the globe by encouraging the uptake of corporate net zero targets through the Race to Zero campaign, and delivering a showcase of the best of British innovation at the summit itself. More widely, activity across DIT is well aligned with the Government's climate agenda, and our world-class team of negotiators have already agreed ground-breaking new trade deals with Japan,



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Australia and now New Zealand, where clean growth and the transition to a low-carbon economy are key chapters.

On 21 July, the Board of Trade published an impact report on green trade, which highlighted both the economic opportunities of green trade in terms of UK jobs and growth, and the opportunity for the UK to speed the green transition globally via its new independent trade policy. DIT has placed clean growth at the core of our central functions: trade policy, export promotion and attracting foreign direct investment. Those functions can play an important role in advancing the net zero agenda. For example, by attracting foreign investment into the UK, my Department is helping to build the UK's green industrial base, level up UK jobs and develop new green technologies that can be exported around the world.

We are also helping to speed the green transition by using our independent trade policy to make green trade freer, by liberalising trade and environmental goods and services, and fairer, by making use of our trade levers to tackle environmentally harmful market distortions.

Thank you, Chair, for holding this inquiry. I look forward to your questions—well, most of them—and I hope that I can rely on the Committee's continued advocacy to help to push forward something that is a really important part of our agenda as the COP26 presidency, and also further forward, as a world leader in green solutions.

Q30 Chair: Thank you very much, Secretary of State. As you know, Committees are here to scrutinise, of course, but also sometimes to help, to lead, to push, to cajole, and to get things going in the right direction together. At the moment, I think we are doing more scrutiny than any of the other roles.

I do not want to start on too sour a note, but here goes. Our Committee has found from your Department—we have got a list that we have termed the “runaround”—that things are slow, things are late and things are full of excuses. Can this change please, Secretary of State? That would help our work, because it would help the regard in which we, and particularly our staff, hold the Department for International Trade if this was to change.

Anne-Marie Trevelyan: I am sorry to hear if that has been the case in the past, and I am absolutely happy to take that commitment and to make sure that the team that your Clerks engage with is as attuned as it can be and provides you with answers as quickly as possible. I know that my team wants to try to have an opportunity for us to have more informal regular conversations, so that we can keep you all updated about what is going on and our plans looking forward. I am absolutely happy to take that away and make sure that we can get a slicker communication system between the Department and your team. Of course, I am happy to do that.

Q31 Chair: Hopefully we will not have to raise that particular issue again.



Such is your popularity, Secretary of State, that we were hoping to have you here next week about New Zealand. Before we get into the meat of today's sitting, I just want to touch on that slightly, because it is the hot topic of the moment. You are new in the role. Was there any moment where you thought we might have to take a step back before we were too far into this? We do know that, according to the same measurements, a trade deal with New Zealand is 30 times better for its economy than it is for the UK's. There are concerns in farming. Did you think it might be worth pausing for a few weeks just to make sure that everything is going in the right direction or is the pressure—perhaps from No. 10—so great to sign trade deals that things just march on in a juggernaut fashion regardless?

Anne-Marie Trevelyan: No, not at all. I came in, and there are final parts of the Australia deal being tied down before we sign it formally. These are big, expansive, liberalising trade deals with Australia and New Zealand. I was able to pick up New Zealand at the point when we were looking to get to the agreement in principle, and the relationship is very balanced and very good. It is not a huge trade deal. Some of the criticism has been that this is not going to add 20% to GDP. It is a really important trade deal in terms of liberalising tariffs across the board. There is a huge increase in the opportunity for digital trade from the UK to New Zealand, which is really exciting for our businesses; and the opportunity—as I say, from buses to bulldozers; from shoes to ships—to be able to build closer working and trading relationships. There is going to be some good work on mobility as well for young people to be able to move backwards and forwards more freely. It is a great trade deal.

It is a really important trade deal strategically for us as well, as part of our application to the CPTPP, which is now in process—it is like being in an exam room; it is a fascinating system—but actually Australia and New Zealand are two key partners within the CPTPP and therefore it is important to us as well. New Zealand and Australia are like family, and that was why the Prime Minister wanted to move forward on those two first with the freedoms that we have.

Q32 **Chair:** Given that the trade deal is equivalent in New Zealand to what an American trade deal and a half would be to the UK, and the effect on UK GDP is “negligible”—that is the word that has been used—have they not got an extremely good deal? A lot of our farmers, in particular, are feeling nervous and shifty as a result.

Anne-Marie Trevelyan: It is a good deal for both sides. It is going to liberalise, on both sides, all those tariffs on goods and services, which is really important to grow that. Like every trade deal, the key at the end of the day is using it. It is just a piece of paper once it is signed; then what do we all do with it? That is one of the really important things that we are going to be doing, and the team are growing it and hoping that the Chancellor says nice things in a couple of hours and delivers the Budget we have asked for. We will be able to grow our export campaign team and really think about how we engage with our British businesses across the



board, from farmers to data experts, on how they can make best use of these new trade deals to maximise the opportunities for British businesses.

Q33 Anthony Mangnall: There is a great deal of concern on this Committee—we spend a great deal of time discussing it—around scrutiny, and the legitimate questions that the Chairman has just raised could easily be answered by improving the scrutiny process of the agreements that we are signing. We have agreements in principle with New Zealand and Australia, as you well know, but do you have any thoughts about how we can improve the scrutiny of the trade deals we are signing to give this Committee and Parliament a better say on those deals? We should be out there justifying the trade deals we are signing, and reassuring our farmers, fishermen, shipbuilders and shoemakers that these deals work in their favour, but we are not getting the opportunity even to delve into the details in a meaningful way.

Anne-Marie Trevelyan: Well, absolutely. The impact assessment reports do that, but the point of the Trade and Agriculture Commission part two—as it is described in the Department; there was TAC one, and TAC two, which I announced last week, is what is coming—will be exactly to that point. It will be an independent body looking at these trade deals once they are signed, being able to have a fuller and more detailed assessment of them, and thinking about those potential impacts that some groups raise. I very much hope that that will give reassurance and, indeed, the opportunity for people to ask the questions they want to.

That commission will be leading the way in demonstrating and providing, I hope, positive outcomes, and there will be an opportunity to be critical if required, which will help us as we do this. We are new to this as a country. We have not done this independently for decades, so we are building a capability. We have a fantastic team of negotiators now, but we are learning as we go and thinking about what our priorities are, and this will continue. I think the Trade and Agriculture Commission's oversight of these first two, when they are signed, will be a really useful "lessons learned" critique of our first two attempts in this field.

Q34 Chair: Perhaps we will now move back to the focus of today's sitting. As the new Secretary of State for International Trade, what are your priorities in terms of climate trade issues for the UK's presidency at COP26, which is in the great city of Glasgow, of course, starting soon—Halloween onwards? Hopefully it won't be scary.

Anne-Marie Trevelyan: I had not thought about that. I hope it will not be scary; I hope it will be a joyful fortnight. I am heading up there on Sunday, and I am sure it will have its moments.

I think really importantly, Mr Chairman, there are these three pillars, if you think back to Paris, which are about mitigation, adaptation and finance. The challenge that the Prime Minister has set us as the COP presidency, as we lead this, is his talk about it as "coal, cash, cars and trees", in his hashtag shorthand that he likes to set for us all. The core of



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all that is that we are working towards the challenge of trying to secure a global net zero by mid-century, which can keep the 1.5 degrees challenge alive to mitigate the risk of catastrophic climate impacts. The focus we have driven as the COP26 team, which is underpinned by DIT and across Government, is driving that commitment to accelerating the phase-out of unabated coal used for electricity production, looking to curtail deforestation, speeding up the switch to net zero emission vehicles, and encouraging investment across the piece in renewables and clean energy more widely.

In thinking about that, those core principles are driven at a number of levels. Clearly, as I said in my opening remarks, there is not a direct lever used by DIT during the COP process. As the presidency, we sit above the individual nation perspective. What the UK has done is to set an incredibly ambitious set of targets for ourselves. We published our net zero strategy last week, which is, in UNFCCC terms, our long-term strategy. We are one of the first to do it; we are the first G7 to do it. It sets out very clearly that incredibly complex road map, which is taking a country from its present state through to a net zero one, which impacts across the piece. The key area of focus that we are setting for ourselves, but that we are therefore driving and providing leadership on to encourage the rest of the world to do the same, is, most importantly, the phase-out of the use of coal for unabated electricity production. That is where the impacts can be most quickly and importantly felt.

It was really exciting to see Australia publish its net zero strategy yesterday. It has not got perhaps the depth of detail yet that will help business to move in and help them at pace, but it has set that marker which says, "We make that commitment." So that is what we have been challenging all countries, when coal is part of their electricity machinery, to move away from; unabated fossil fuel generation is what we need to avoid. Really importantly, on the flip side of that, is protecting natural habitats and ensuring that we not only stop destroying and disturbing natural habitats, but find ways to reinvest in them. I am sure we will come on to this, but the question of how we use carbon financing and pricing to think about how we can support that, as well as in the hard industrial side of things, is really important. So we are leading on that.

The other really important pillar, of course, is about finance, which is without a doubt a deal breaker. Of course CDP has worked incredibly hard to fulfil the mandate that was set in Paris, which was that there would be \$100 billion a year of funding to support developing countries to make the mitigation and adaptation investments that they need to help them on their journey to net zero. Huge progress has been made on that challenge. I think we may even hit the \$100 billion commitment, but we are very close to it, and certainly in the next two to three years, it is very clearly there and above. But that speaks to that wider piece, which is where DIT, and international trade more widely, is going to become absolutely critical to delivery, which is that there may be \$100 billion in the pot for public



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funds to help countries, but actually there are literally trillions of green dollars now across the world looking for investment into green solutions.

That has been a dramatic shift this year. It has been extraordinary to watch, being close to the whole process, where places like BlackRock have said that its \$7 billion investment pot—it might be \$8 billion, but it is a vast sum of money—will all be green and there will be nothing that is not. There have been dramatic shifts in investment, such as the way in which the big oil and gas companies have shifted to energy companies and are transitioning to renewables. So we are seeing huge shifts, and that is where the UK, and how we use our international trade networks in the years ahead, is going to be incredibly powerful in helping to move at pace.

The Global Investment Summit that we hosted last week, which was encouraging big investors to invest in the UK's green revolution, was fascinating. There was £6 billion from Iberdrola to help the offshore wind commitment of its next stage. These are huge sums of money, and that is the private sector. There are huge, endless opportunities, I would say. The challenge we will have is matching those with the countries that have set out a road that they want to take, but do not necessarily have the governance frameworks, or indeed the capacity, to be able to do that yet. Making sure that we join those up in the years ahead has been one of the challenges. But that \$100 billion is a really important symbolic commitment from developed countries that they want to help to make those transitions that are critical.

Q35 **Chair:** A lot of foreign private companies are thinking they can make money in the UK, which people will have views on. I did note your point on the hashtag shorthand of the Prime Minister. I do wonder, if there is a hashtag shorthand, whether #signtradedeals is driving a lot of things in government.

Anne-Marie Trevelyan: Yes, that is a good thing.

Q36 **Chair:** Feel the width and never mind the details.

The thing from your answer that I want to concentrate on is, first, what might that mean for the likes of coal mining in Cumbria? Secondly, there is the potential of getting renewable energy from Scotland's islands—being an Islands MP, I am aware of this—but UK bureaucracy and regulation has held that back. Is there talk in government about changing this? The amount of energy that could be coming is equivalent to what is coming across the interconnectors from the European continent at the moment, and we know we are heading for a winter of particular energy difficulty. The UK could be producing up to a gigawatt of energy on Scotland's islands at the moment, but this has not happened because of UK bureaucracy over the years—nothing else. Are there any murmurs in government that this is going to change? I am aware that you are talking about investment from foreign countries maybe riding to the rescue, but what will the Government do to make sure that things change?



Anne-Marie Trevelyan: You raised two issues there. I am not sighted on the timelines in relation to the Cumbrian coal mine. It is sitting now with Michael Gove's Department, the name of which I also cannot remember, because it keeps changing—I heard "Deluxe" when somebody said it to me the other day. Regarding the planning process, that is now being reviewed again, and a decision will be reached in due course. To come back to the point, in that particular case, the coal is used in the coking process and not to produce electricity. The challenge in there is the question on which the UK Government are leading the pack in supporting the steel industry to find different ways to make steel that is clean.

At the moment, you still need coking coal as part of the production process, so that coal is not being used to generate electricity, but it is absolutely still coal. But the steel industry has not yet found a full solution, so the electric arc solutions, which are one part of the steel making process, are indeed able to use clean electricity if they want to, but that is not the only way you can make all the types of steel that are required. This is very much a live issue, and it is not only us, because steelmakers across the world are thinking about how they make their steel with clean energy resources, using different materials—I am not a physicist—than coking coal to ensure that they get the sort of quality of steel that they need.

I cannot give you the figures for the BEIS investment, although I am sure the department team could, but it is hundreds of millions of pounds over the years to help to support the industry, and that will continue. There is a big piece of work going on there to meet one of the challenges. I often talk about the challenge to get to net zero by 2050 as a marathon, not a sprint—certainly on the decarbonisation side in heavy industry. Heavy industry changes its equipment and its systems every 20 to 30 years. These are long journeys for these organisations. We have rocket-boosted them to try and do it at a pace that can help them to get there more quickly, but there is a lot of complexity in there. One of the challenges is helping steel to become clean because the demand for it continues unabated, and it is still a critical product for development.

In terms of the question about Scottish wind—I dealt with this with my energy hat on earlier in the year—the challenges of those connections include where the energy is used compared with where it is produced and the way in which the grid connections work. I know that a lot of work is going on within National Grid and the distributors to think about how that can be solved. This continues to be a challenge as we grow. Part of our commitment to net zero is 40 gigawatts of wind by 2030. If you look at plans rolling out to 2050, it is up to 100 gigawatts of wind. So there is absolute commitment to the growth in wind as part of our overall mix in the medium and longer term. The infrastructure—this is like my point earlier about steel—investment in it, and finding different ways of using a different type of energy source is part of the challenge for National Grid and the distributor networks, and they are working on that at pace, with a great deal of support from BEIS.



Q37 Mick Whitely: I enjoyed your contribution, but one of the things that I cannot get right in my mind is the situation with China. We have a massive supply chain from China that uses ships and creates a lot of emissions. You have been talking about steel, and they dump a lot of steel in Europe and in this country as well. If we are on the path to net zero but China and India have not made their minds up yet—two of the world’s biggest emitting countries—what are we doing as a country to try and penalise them or force them into a net zero situation? Because we cannot ignore it, can we?

Anne-Marie Trevelyan: It is a really important point, and I think as part of the wider question about the dumping of steel by China, we now have trade remedies which are under our own control since we brexited the EU, under our Trade Remedies Authority, and that is something that I am continuing to look at rolling forward to make sure that we can make it as effective as we need it to be to ensure that our strategic industries, like steel, are able to continue and that fair trade is followed. But I think that the broader question is a really important one, and I do not think the world has solved it yet: throughout supply chains, how do we make sure that all component parts—whether it is a car or whether it is a factory—are clean? That is the challenge that companies’ boardrooms are setting themselves right now: “We know that our consumers are demanding a cleaner product and we have got to drive a cleaner supply chain so that we can look our customers in the eye and say, ‘This car has as many clean energy-produced components in it as is possible.’”

That is driving the shift in how countries set their own challenges internally to make sure that they can sustain that. So that is an ongoing challenge, but what we have seen this year—a huge amount of work has been done by Alok Sharma, as COP President, to drive this through the private sector and through boardrooms—is that the consumer is not going to tolerate you using something cheap and nasty from a country that has not shown a commitment. The consumer is a really powerful part of this conversation, and we are seeing consumers shifting at a pace that I do not think any of us expected, which is great, because the timeline is tight. I am very encouraged by how the leadership of the private sector is taking on exactly your challenge.

Q38 Martin Vickers: Secretary of State, can we dig down a little bit more in how involved your Department has been in COP26 in terms of planning, and particularly the content? Is there going to be sufficient focus on the trade aspects?

Anne-Marie Trevelyan: To my earlier point, Martin, there is a fine line here because, as the presidency, we sit outwith the direct UK pitch of what we are doing, but clearly we try to set a global standard in how we are doing it, and our net zero strategy last week was a summary version of all the things that we are doing. In practical terms, through the summit preparations, we have done a lot of work with business engagement through the Race to Zero campaign, which is a UNFCCC-led campaign, but DIT, which obviously has an enormous business network, has really



pushed on that. Andrew Griffith has had the lead from a parliamentary perspective on it, where we have seen enormous changes as companies have gone away and thought, “We have to make this commitment. We have to think about how we can change our supply and change the way our businesses work.”

This includes tiny SMEs. I have lots and lots of SMEs in my constituency and they are thinking about what they do, such as if they have a van, when are they going to buy an electric van? They are planning that into their schedules. It goes through to the Coca-Colas and the BPs that are making massive multibillion pound investments to change every part of their business model. We have been very active in that whole Race to Zero piece and supporting businesses as they think about what this looks like in real terms. We have also been running lots of events overseas through our international network, encouraging those countries and other businesses on the “road to COP26” journey this year. Every country that wants one has got a pavilion, and the UK presidency pavilion will be delivering a showcase of about 50 leading UK businesses, telling our story there too. Whilst it is not at the gritty end of the FCDO, BEIS and COP unit activity, there is a lot of support for business UK and globally to drive that message, and support and help for people to get their heads around it.

I always say: if the Paris COP was the why, with everyone signed up to why we have to do this, Glasgow is about how. That is the gritty practical—what have you actually got to do? You know why you have got to do it and you have made a commitment, but how are you going to do that, in a really hard-nosed way, of saying, “I have to buy different vehicles; I have to encourage my workforce to walk to work; I have to think about my supply chain issues.” This is hard, but there is real enthusiasm, and we have been leading in supporting businesses to think about that and providing them with tools.

Q39 **Martin Vickers:** There are many countries around the world that are far behind the UK in terms of the green agenda and moving to renewables and so on, and that is probably due to political reasons, the state of their economies or whatever. Do we have a particular focus on trying to move forward with those countries and selling the UK technology that we have already developed? There is a real opportunity.

Anne-Marie Trevelyan: There is a huge opportunity there and green trade, in its broadest sense, is already a focus for what we do. The Board of Trade published this independent report for us in the summer which sets out very well, in a sort of five pillars way, the areas that we want to look at. Through all the work that Alok and I have done all year with our COP hats on, and the huge support from both the FCDO and DIT networks around the world, there has been enormous leaning in. It is very much a coalition of the willing: stage one, for countries that want to make change, we are very happy to help, to guide and to provide all sorts of support. Then there is the coalition of the “this is all too hard still”, where we have tried to help them to see a pathway.



The conversation I have had possibly more than any other, in all countries that I have visited, big and small, is being asked, “How have you got to where you are?” I have said, “Well we started with a Climate Change Act. That was where we thought about how we do it and we created ourselves an independent auditor called the Climate Change Committee, which is quite a hard taskmaster. It watches us, watches the country and watches the change, and it cajoles us along.” For many countries, that is not even a thing yet, and that is where we have had a huge advantage, as we have given ourselves that anchor from which to keep moving forwards.

Climate budgets 1 to 3 were low-hanging fruit to make progress; 4 was harder, as was 5. Now we have set ourselves 6, and that is where we have started to really harness, in the round, a whole decarbonisation programme for our whole supply side, and encouraged the demand side as well through things like regulation with changing vehicles. So we have got a really good roadmap that we can give to other people and that is what we have been doing a great deal of all year—helping countries to step forward saying, “Improve your nationally determined contribution and make it more ambitious, and we can help you to work out what that looks like in practice, but make that commitment.”

When we put the net zero emissions vehicles into law, there was general view of, “This is insane; we will never do it; it is impossible; the car manufacturers will all leave.” It turns out to be quite the opposite—they took that governmental lead and went, “That is a really clear direction for us to invest in the UK and we are going to be world leading.” We are seeing battery factories that are coming up. We have two committed already and I would not be surprised if we see several more quite soon. All the car manufacturers have said, “Right, the UK is deadly serious about this; we will invest here.” Nissan’s commitment is enormous and long term.

Encouraging Governments to have faith to set that line in the sand and to say, “We are going to try to reach it,” and then working out how to do it, has been one of the big tools we have been using this year. We have seen huge improvements and huge progress from a lot of countries that even a year ago were saying, “This is just too hard; we do not know where to go.”

The COP presidency is a really powerful driver to help countries to think about the how, because it is gritty, it is dirty and it involves jobs being in different places. It is not straightforward, as we are finding, but we are trying to provide the experience that we have had, as are a number of other countries with world-leading skills in that space.

Chair: Secretary of State, your answers are quite expansive.

Anne-Marie Trevelyan: I am so sorry. It is my favourite subject; I have been doing this for a year, Angus.

Q40 **Lloyd Russell-Moyle:** It was interesting that you described the process



as a marathon, not a race. You are right that it is a marathon, but we have been sitting on the sidelines as a world while the marathon race has been running, and we have now got to complete the marathon in only a fraction of the time that we could have had. I remember these discussions 20 years ago. I am not saying that we, in this country, have not done enough, but globally we clearly have not. Some 20 years ago, BP said that it would change and rebranded itself, and 20 years later, it is still investing billions in fossil fuels, so I am not convinced, as you suggested, that the market is going to solve this problem. In fact, the market is going to continue doing things on the surface like BP did, but nothing structurally unless we require it and make sure there is a level playing field.

One of the things about a level playing field, as Mick Whitley just mentioned, is the rules of carbon accounting and markets, particularly around leakage. We know the EU is moving towards tackling carbon leakage, but we know the US, Canada and others are talking about serious measures. Carbon leakage, of course, is not just about stopping carbon; it is also about saving British jobs and British industries. What serious measures are we now talking about to stop carbon leakage beyond just commissions and talking?

Anne-Marie Trevelyan: It is such an important area—you are absolutely right—and I think it is one that is now being taken seriously and considered. As you say, the EU is having a first stab at seeing if we can find a way forwards. In our ambitious climate policy lead, we are really committed to making sure that it does not lead to carbon leakage, and the ideal solution to address the risk is to agree a voluntary collective agreement that sets those ambitious environmental standards through the UNFCCC COP process.

Lloyd Russell-Moyle: That would be article 6.

Anne-Marie Trevelyan: Yes, and operationalising the Paris rulebook and really getting a fully coherent picture. I think each country could underpin the commitment with the sort of robust domestic measures on carbon pricing that would feed into this issue, but while it is clear not everyone is there yet, we are driving forward. With our net zero review, we have set out a range of ways to try and address that potential risk, and carbon border adjustments are an option. There are some practical constraints and complexities to implementing that.

Q41 **Lloyd Russell-Moyle:** Which options are we planning to pursue? I know that the research is being done and the options are laid out, but I am interested to know what you are minded to start pushing on.

Anne-Marie Trevelyan: I would not dare, especially today, to speak on behalf of the Treasury—it would probably end my career instantly—but the Treasury is doing a lot of work in this space and there is a huge amount of work and thinking going on there. There are closed discussions and looking at how the EU is progressing its CBAM thinking and trying to find

the space. We discussed this actually at some length last week. What has been really interesting in the G7 trade talks is that whatever trade solution we can find that genuinely works has to be WTO-compliant. I think that is a really important one for credibility and deliverability. It also has to be grounded in evidence and proportionality in order for everyone to be willing to play. I think that is why the work of the Treasury and other think-tanks working this space—driving this forward to try and find something that can sit comfortably with everyone—is going to be the challenge. The WTO space is going to be one that gives it, whatever the preferred options might be, the opportunity for countries to buy into it and feel that they are playing fairly in that pond. I think one of the real challenges is that we have to avoid market distortion.

Q42 **Lloyd Russell-Moyle:** Are you saying to me that the Treasury is the one leading on all this work, and that your Department is not really leading on border adjustments and has no proposals on how we will integrate this into trade?

Anne-Marie Trevelyan: There are a number of Departments working on it, and obviously BEIS is working around this space as well, but something that would effectively be a taxation system clearly sits firmly under Treasury authority. As we look at the whole question of carbon flows through trade and otherwise, we need to be working together in thinking about that. Defra has a voice in this, too.

Q43 **Lloyd Russell-Moyle:** Most other tariffs are done by your Department, Secretary of State. This is about tariff adjustment or other mechanisms. You can do quota adjustments, but it is not just about—

Anne-Marie Trevelyan: The conversations are going on, and thinking about where we want to land as a country is happening across Whitehall at the moment. As you say, the CBAM conversation is happening in the EU—in its case among 27 countries—to think about how that can land and what it might look like. So this is an ongoing conversation. It is very live, and indeed some members of this Committee have been very helpful in pushing it forward this year.

Q44 **Lloyd Russell-Moyle:** Live, but there has been no settled direction yet. You said that in the article 6 negotiations in some of the Paris rulebook negotiations, you are wanting to work multilaterally. We know that time is ticking and we see that the EU is now working more unilaterally on this. Is there a period of time after which, if article 6 negotiations and the Paris rulebook negotiations do not manage to get fruition, you and the Department would recommend that we go it alone?

Anne-Marie Trevelyan: Given that I am sitting here partly with a COP presidency hat on, I would not wish to suggest that we are going to fail. I think we are going to do everything we can to get the rulebook agreed and supported in the next couple of weeks, so come back to me if we do not do that. But I am hopeful that the work Alok is doing is going to get us to a point where we can see real progress on the rulebook



Q45 Lloyd Russell-Moyle: You talk about the rulebook and WTO-compliance, and we know that a number of poorer countries have said that actions for carbon leakage on the border in particular might be a breach of the common but differentiated responsibility and other areas. Has there been any consideration around actions to address carbon leakage that, at the same time, provide resources for those countries to make adaptations, such as a tariff on the border that is ring-fenced to go directly back to those countries that need to make adjustments themselves? Or have the discussions only been about what we will do, not about what we will offer other countries?

Anne-Marie Trevelyan: No. As part of our G7 talks last week—you will see in the communique—we were talking about working collaboratively to address the risks of carbon leakage. There have been subsequent work tracks that are really starting to try and develop that thinking in more detail, very much in a multilateral space, exactly to your point, so that we can try and find some answers that we think can work for many. But it is ongoing.

Q46 Lloyd Russell-Moyle: What are the obstacles in the way of that? We have only a few weeks left to get to a stage where we can be providing resources for the poorest countries in the world to make adaptations and stop carbon leakage. If we are going to do it at this COP, we have got a week, and if we are going to do it in time, we have got probably about two or three years. What are the obstacles that you see in the way of getting to that multilateral point?

Anne-Marie Trevelyan: The negotiations continue at pace. In fact, they have just started again today, formally, for the last two weeks in the run up to the deliverables at the middle of November. I know that Alok is knee-deep in all of those and encouraging those who are, to your earlier point, less ready, less focused and less willing to move into the space to find a balanced solution to do so, and those negotiations will be absolutely critical over the next two weeks. But I am optimistic that the negotiating teams are minded—as their leaders will be when they speak at the beginning of COP on Monday and Tuesday—to set a tone of, “This is hard, but we have to find solutions,” and this is precisely to your point, “because time is now very short.”

Lloyd Russell-Moyle: You are more optimistic than me, but good luck.

Chair: Much as I enjoyed those exchanges and would have liked to have heard more, time is pressing. Tony Lloyd, the floor is yours.

Q47 Tony Lloyd: The UK Government are not the WTO, but do we believe that the proposed EU mechanism is WTO-compliant? Also, what are the challenges that we face within that, and do we believe that we will be given exemption because of our emissions trading scheme already in operation?

Anne-Marie Trevelyan: I would not be honest if I gave you a good answer. I have not seen the detail of what they are looking at. I know that



it is very much in discussion and, in every sense, they need to kick that around between themselves and try to get a picture of what they want to do. We look forward to seeing what it is they want to propose and think about it then. But the honest answer, Tony, is I have not looked at it in detail. So is it WTO-compliant? I do not know the answer, but no doubt that will be discussed at the margins of MC12 in December.

Tony Lloyd: Perhaps you will come back to us on that.

Anne-Marie Trevelyan: Happy to in due course.

Q48 **Tony Lloyd:** You referenced the Prime Minister's pillars, and one of them was trees. The Board of Trade's green trade paper suggested that something like three quarters of deforestation is due to a move to agricultural exploitation. I think the UK Government are given credit for offering real leadership on the forestry, agriculture and commodity trade dialogue—that will figure obviously at COP26. I understand that on November 6 you will have a FACT roadmap. In that context, what do you expect to achieve in terms of the FACT roadmap and the FACT dialogue? Where can you take that and what are our aspirations?

Anne-Marie Trevelyan: Defra has led on this. Lord Goldsmith's great passion for this has been evident and I think has been a really important part of how that is driven forwards. We have worked with the Tropical Forest Alliance to help to drive it forward. The mission is to transition to sustainable supply chains which are not deforesting. I do not have all the details, but the mission is really to agree those principles for that collaborative action—it will be a huge leap forwards to see that set out and those commitments. That roadmap is really about sustainable land use and the challenges in order to achieve it which is, to your earlier point, thinking about how countries invest in adaptation, in resilience and in changed business practises. There is a huge conversation going on at the WTO about agricultural subsidies—some of those are having a negative impact—and thinking about how subsidies can be used in a positive rather than a negative way.

That huge piece of work feeds into international trade activity and how we support that so that we can really drive action to protect forests and promote trade. So it is the positive balances. There are huge amounts of investment through subsidy and through the private sector in this sector, but it needs to be done in a way that works forwards. I know that I am not over the detail, but Lord Goldsmith's team has a number of very practical propositions to put forward that will help countries to make the right decisions. It is positive carrots rather than sticks, as much as anything else, to support those countries for which trade and economic growth are clearly as important as ever, but to do that in a different way.

Q49 **Tony Lloyd:** We concentrate on Brazil, but one of the concerns in terms of the proposed Australia FTA is that it also has a difficult record in terms of deforestation. Tariff-free access to Australian agriculture can run counter to what the Government are trying to achieve with the FACT



dialogue. Can you just comment on that and how we can prevent that giving the wrong signal to those that we would persuade to go down the FACT road?

Anne-Marie Trevelyan: Exactly to your point about the bilateral levers that we have as a country, there are provisions on sustainable forestry, both with the EEA and with Australia and New Zealand, to foster co-operation to think about how we make sure that supply chains meet the right criteria. But I think a lot of this has real power behind it as the consumer becomes much more demanding of supply chains, ensuring that those issues are not part of their supply chain. I think, with our trade deals, we can set the framework, and businesses can then make use of it to drive the sort of change we want to see. But I know that Zac Goldsmith will be talking about all of this in much more detail—I cannot tell you which day it will be; I think the Saturday.

Chair: May I remind colleagues and the Secretary of State about the time? I am anxious to allow questions from all colleagues, and Paul Girvan, whose questions will come towards the end of the session, is also anxious about Northern Ireland questions. There are therefore pressures on us and, while I do not want to limit anyone in their questions and answers, I ask everyone to be mindful of that.

Q50 **Sir Mark Hendrick:** Secretary of State, you said that Paris was about the why and Glasgow is going to be about the how. How will the UK build on the outcomes of COP26 at the WTO 12th Ministerial Conference later this year?

Anne-Marie Trevelyan: MC12—the WTO meeting in December—is an opportunity to prove that the WTO can really address these big issues. I think there is a real sense of pressure and Dr Ngozi, as the new Secretary-General, has taken on that real drive to restate and think about where the WTO fits today, rather than its historic context. We are calling on all our WTO members to really raise global ambition, following on from the presidency leadership that we have provided through COP26, and to think about how we can enhance collaboration and set those really ambitious outcomes and targets on trade and climate.

We have demonstrated that and worked as the presidency through COP, and then that collaborative tone is going to be really important to making progress. It is hard, but that is the only way, and I think COP has demonstrated a level of commitment and raised ambition across the vast majority of countries to do that. We will be keen to see the ministerial statements that are presented at the WTO, enabling that discussion and co-ordinated action on carbon leakage, and things like plastics pollution and fossil fuel subsidies, and really recognising some of the crunchy challenges that need to be overcome and for which the WTO is the right place to continue what has been set out at COP26.

Q51 **Sir Mark Hendrick:** Would the UK advocate a WTO ministerial statement at the end of the Ministerial Conference which addresses some of these



environmental issues, for example climate change, about which you have spoken at some length? If the answer to that is yes, how would you build support for this among a high number of countries?

Anne-Marie Trevelyan: That is a key focus for us and that will be very much the message I will be sharing coming straight from COP26. Hopefully we will have a clear picture of what the communique looks like at the end of our two weeks in Glasgow and what the world has collectively agreed to set themselves. Then we take it, in the WTO context, into a practical, gritty discussion about what that means in practice in those areas where we all have to make change and work collaboratively to find solutions. So it will be a very timely opportunity, as it turns out—just three weeks after the COP26 conclusions—to really think, in practical terms, from a perspective of goods and services moving around, about what this means, and we will have the chance to take forward working together to find those solutions.

Q52 **Sir Mark Hendrick:** You seem to be speaking in very procedural terms. I am looking for particular specifics about what sort of things might be in that statement. In September, Dr Deere Birkbeck, from the Graduate Institute's Global Governance Centre in Geneva, said to this Committee: "If we can achieve a statement it will be the first statement in 25 years of the WTO that says that environment and climate issues are central to the organisation's future and to the future of the multilateral trading system. That is already a big win. Then we have created a platform through which countries can push for more specific outcomes going forward." Surely that is what MC12 should be about?

Anne-Marie Trevelyan: Absolutely. I am very keen to see statements that are pushing on those environmental issues: things like carbon leakage, plastics and those wider fossil fuel subsidies. We have a huge conversation going on about fisheries subsidies which has yet to land. These are all critical areas that make a big difference, both in terms of fisheries sustainability, but more widely, as we look at the energy and emissions sustainability challenge. But there are a number of areas that we will be discussing and we will certainly provide that lead to calling on all those who are there to set similar environmental sustainability commitments.

Q53 **Anthony Mangnall:** What does the Government not like about the Agreement on Climate Change, Trade and Sustainability?

Anne-Marie Trevelyan: The New Zealanders grouping—there is nothing wrong with it at all. It sets out some solid aims on removing tariffs on environmental goods and services, building some binding commitments in that space, such as the liberalisation of environmental goods and services products so that they are cheaper to buy on both sides. All of those aims are good—we are actually driving them through with our own bilateral treaties. We want to embed those with the treaties that we do on a bilateral basis and we will continue to do that. The act, if you like, is a curb, but it is not a legally binding treaty in the same way. We are very



comfortable in absolutely supporting their aims and we are going to continue to push for those as we do our own FTAs.

Q54 **Anthony Mangnall:** I appreciate that answer—thank you, by the way, for coming here—but many of your comments this morning have been about the need for the UK to show global leadership in order to encourage the developing nations to take this forward. It seems there is broad support from the left and the right for us to sign up to this agreement. Why are we not taking those steps? If we are already embedding its aims and principles in our trade agreements, and there is no legal requirement in any form—it is just an agreement—why do we not sign up to it?

Anne-Marie Trevelyan: Because we are very comfortable working with all those countries at a bilateral level, and indeed at a multilateral level more widely through the WTO, and other pluri-lateral forums, to push for others to do the same. We are absolutely committed to those, and as our two trade deals so far have set out, those are key elements in both. So we wanted to work across the piece to push that across the board. I think there had been a lot of discussion about it before I was in post, but the feeling now is that we want to crack on and do this at a global level.

Q55 **Anthony Mangnall:** I worry about the fact that we hide behind the WTO. China, as part of the WTO, is extremely adept at ignoring quite a lot of the decisions in this. We need to step beyond the WTO to show the leadership that we can provide for other countries and give the encouragement that they could follow our lead in what we are doing. If China continues to ignore things through the WTO, do you think that we therefore have to look at different structures, organisations and agreements, especially around climate change and environmental policy?

Anne-Marie Trevelyan: Absolutely. That is the leadership we are providing, both through the huge amount of work and encouragement in asking countries to set their own higher standards on environmental sustainability and emissions reductions, and also working with international partners, both in the way we work in our multilateral and bilateral trade relationships and in setting that standard. The conversations at the G7 trade talks last week were very clear: it is about free and fair trade; it is about having those liberalising positions in environmental issues. It is about really driving forwards that space and we will continue to do that. As we crystallise bilateral trade deals, and if we are invited to accede to the CPTPP, we will continue to make sure that that free and fair trade and those environmental concerns are absolutely at the heart of everything that we do.

Q56 **Anthony Mangnall:** To be 100% clear, in the agreements that we are planning with Australia and New Zealand, there will be the principles that are found in the Agreement on Climate Change, Trade and Sustainability embedded in those bilateral agreements, and we are committing all future trade deals to include what is in the agreement at the moment.



Anne-Marie Trevelyan: Every trade deal is unique. Some are bigger and some are smaller—that is the nature of the beast. It is a mutually agreed, and agreeable, relationship between one country and ourselves. Some deals will be less expansive than others. The Australia one is huge, broad and liberalising, but we might do some with other countries at a less complex level to begin with. But, in everything that we do, this Government could not be any clearer that the environmental, sustainability and emissions challenges are absolutely critical and we want to make sure we are driving those.

With both New Zealand and Australia, we have very clear environmental chapters that set out mutual commitments across a number of areas, and we will continue to drive those because the reduction in fossil fuel subsidies through to the liberalisation of tariffs across all environmental goods are key enablers of meeting the challenges. This will continue to be the case and, as the discussions move through COPs 26, 27, 28 and countries become more capable of meeting those challenges, we will be able to keep pushing to make sure that trade is used as an enabler.

Chair: I think that you are winning the medal for the most questions in the shortest period of time—well done!

Anne-Marie Trevelyan: He is famous for it.

Chair: A tour de force; absolutely. I should have marked the questions.

Q57 **Mark Garnier:** One of the problems we have with trying to analyse trade deals with this Committee is that we do not really know what the trade strategy is for HMG. So there is no published trade strategy. There is a published outcome delivery plan, which is a broad ambition, but no trade strategy, which makes it very difficult for us to ascertain whether the Government have been successful in a trade deal. A very broad question: would you consider publishing a trade strategy?

Anne-Marie Trevelyan: I think our objectives have been set out in a number of places already. The plan for growth gives a fair indication and the integrated review sets a number of the boundaries we look at. But I think, really importantly, there was the Board of Trade report published in July. It was on green trade, but it sets out some of the key building blocks of how we want to put environment at the heart of our trade strategy going forwards. On my point just now to Anthony about the questions of free and fair trade, they are small words but they are really important. Free trade, so reducing barriers, and fair trade, so reducing market distortions, are really important. It is that simple, in a way.

Those are the key tenets from which we build a mutually beneficial relationship with a FTA. But there are five pillars that we work to as a Department in how we look at this, and they are symbiotic. It is thinking about what the Office for Investment is doing in terms of foreign direct investment; and about how we bring in investment to help to grow capacity, skills and output here, and then how we can then export that. It



is the mutuality of the inward investment that can help us to drive growth domestically—this goes to Lloyd's point about the importance of jobs.

Those two go together—the FDI coming in and how that can drive wider export. Then, on the other side of that coin, there is that liberalising trade in goods and services through a reduction in tariffs—that mutual agreement making it easier and cheaper to sell goods across borders—which is obviously a key tenet of any FTA. But also important is removing non-tariff barriers, which will vary from country to country.

So in terms of having a trade strategy, you could have a page which says, “Well, if we do one with country 123”—or 194 or 195—“this is what we will be discussing.” What we have, if you like, is a framework saying that as we look at each country and the relationship we want to develop, we then look at particular areas and think about what is important—for us and for them—for ensuring free and fair trade with that liberalising feature. So that is at the heart of how we think about it, and they flex country by country—two so far.

Q58 Mark Garnier: One of the great things about doing a trade deal is you can influence other countries, so you are absolutely right. We can obviously buy in all that stuff; foreign direct investment comes in and helps with our green agenda. But what we want to do is spread the love. There are huge numbers of brilliant things that we can do across the planet in terms of climate, but also in terms of women's and girls' rights. We can start building all that kind of stuff into trade deals. What is very difficult for us to really get our head around here is exactly what the strategy is. What is the overall message we want to deliver to the world?

And the reason I think this is relevant is because, I think in September, Sky News reported, looking at the Australian trade deal: “According to leaked emails, Liz Truss, then the Trade Secretary, and Kwasi Kwarteng, Business Secretary, agreed that the UK-Australia deal could drop both of the climate asks including specific reference to the Paris Agreement and temperature goals in order to try to secure that trade deal.”

Obviously we do know the trade deal has not been completed yet. Like all trade deals, 99.9% of it goes through really quickly; 0.1%, with Europe and all the rest of it, is really, really difficult. At the end of the day, what are we potentially going to drop in terms of this climate stuff in order to try to get a trade deal through? This could be responding to the NFU with what some would argue is the new 21st century corn laws in terms of the possible protectionism for farmers. That is why a trade strategy is so important.

Anne-Marie Trevelyan: Your point is really well made. Let us take Australia. The agreement in principle is 14 pages long; we are at about 2,600 pages of legal text. So it is a mammoth task to go from, “This is the picture; this is our heads of terms which we have all agreed on with the various chapters”, through to the legally binding document by which every business that wants to trade with Australia will know the robust



requirements that they need. That is a big piece of work, and we are ploughing through it. Interestingly, the Department has been really honest—I think that is the right word—in saying that Australia has been a really huge task, because it is the first one we have done, but with New Zealand, we have been doing it as we have gone along in a way that we did not for Australia, because we had done it once already. So, if you pick a chapter, we know what that looks like now, because the lawyers have had a chance to think through the detail. With the New Zealand one, at AIP, we have actually got a lot of the legal text already done, because it is getting easier, but there has been a learning curve to get there.

Q59 Mark Garnier: Does that learning curve mean that you are developing a strategy as you go along—which is not an unreasonable proposition, by the way?

Anne-Marie Trevelyan: We are learning that we can think about the detail at the same time as we are working to the heads of terms picture—we know what it looks like. Whereas with Australia, the heads of terms was done at pace by the Prime Ministers, and the lawyers and everyone else who has to do the hard yards of detail have followed on behind. But I think your point is exactly right, Mark: what are the chapters; what are we looking to make sure we have? Women's empowerment is really powerful.

Q60 Mark Garnier: It is a difference between strategy and tactics. When you are looking at how you are going to promote British values across the world through our trade deals, that is your grand strategy. The legal text is the tactic.

Anne-Marie Trevelyan: That is right at the other end. But the grand strategy is that we want to have liberalising trade deals that encourage and grow free and fair trade across the world with partners who want to work with us. That is the big picture.

Mark Garnier: But the environmental standards.

Anne-Marie Trevelyan: I cannot speak for my predecessor, but with me in post, as someone with a particular passion—I was Secretary of State for International Development—the belief that trade genuinely can raise up economic growth and opportunities for developing countries is an absolutely critical part of what we are going to do. So we can and will have trade deals with some of the world's largest economies. We also have the opportunity, exactly to your point, using so many of the tools that the UK has, to help those developing countries that are keen on both the green opportunities, and the wider value-chain opportunities of their particular assets, people, geology and products, to grow their economies. That is a really important part of what we are going to be doing.

Do you want me to give you a list of the order we are going to do them in? I would not want to do that because I think that would miss the point of where opportunity comes in, which has much to do with things far beyond the economic argument, such as the state of a political landscape in a



particular country at a particular time, or a changing electoral cycle. All those things that arise when a country, or a bilateral trade partner, can see an opportunity to build a trade deal, which means we can between us grow those important issues.

So the opportunity for women's empowerment, you will be unsurprised to hear from me, is something that is really important to me. We have done a lot of that through COP26, driving the question of gender and reducing the inequalities that we see in trade across the board, in finance flows, to ensure that women are as important to human capital and economic outputs as anywhere else. That is something that we are pursuing. Really interestingly, with the New Zealand deal, we have a chapter, at their request, on indigenous peoples—on the Maori issues that are important to them. We are very happy to support that, because it provides the opportunity to say, "Respecting your particular nation, we want to support the sustainability point that that indigenous community is important."

Q61 Mark Garnier: This is music to my ears, certainly, as the former chairman of the Conservative Friends of International Development, and to Anthony who is the current chairman. But can I drag us back to the climate? I take your point about the fact that there are documents which we are looking at. However, in exactly the same way that the Department is new to doing trade deals—it was only set up in 2016—this Parliament is very new to scrutinising trade deals. One of the things that struck me when we had the debate in the Chamber on the Japan trade deal was the astonishing lack of depth in that debate. I do not want to be too rude about my colleagues, but the lack of depth that we went into was extraordinary.

What is really important, for Parliament and the country, in our ability to hold the Government, and specifically you, to account, is that we know exactly what you are trying to achieve. But we do not know at the moment what those benchmarks are. All of what the Government are trying to achieve is, I think, fantastic. This is not a critique on the Government; it is a critique on the process. If we know what the objectives and the strategies are, we can then judge you and your team as to whether you have achieved what we all collectively get together behind, whether you achieve it or whether you do not. This is why it is so important—we are running out of time, so I will not ask you for an answer on this, but I do leave you with the message—that we have strategies and negotiating objectives for all the trade deals, even if they are not detailed. Then we can all collectively do our jobs, from this group of highly specialised, well-educated parliamentarians who really know their stuff, all the way through to Back Benchers who have no interest in it at all, but at least it gives us a benchmark.

Chair: You have heard the question, Secretary of State; we will be looking for the answer in November when we see you then.

Anne-Marie Trevelyan: You have set me a number of challenges there.



Chair: I will make sure that Paul Girvan gets to Northern Ireland questions, but first we turn to Mick Whitley.

Q62 **Mick Whitley:** How does your Department plan to assess the environmental impacts of the new bilateral and pluri-lateral trade agreements, including their compatibility with the COP Paris agreement?

Anne-Marie Trevelyan: As we have discussed a bit already, we are firmly committed to maintaining those high levels of environmental protection in our trade agreements. We are committed to ensuring that trade will not come at the expense of environment or, indeed, prevent us from meeting our ambitious net zero by 2050 climate change targeted commitment. That is a baseline, if you like. The scoping and the impact assessments for the new FTAs have both qualitative and quantitative assessments of the impacts on a number of aspects of environment, including emissions, air and water quality, and that wider biodiversity piece. They are going to continue to be really important and punchy assessments of it.

In terms of Australia and New Zealand, so far we have very clear chapters in both setting out the mutual commitment to the Paris agreement goals. Now we are seeing—it is actually really exciting for me, personally, and I hope all of you as well—that Australia made its net zero commitment yesterday, which is exactly to that point. We have not signed the deal yet, but we have been very clear what our commitment is, and in wanting to put that through, this is another demonstration from them that they actually take it seriously. I would not like to claim that it was by demanding that we keep that in the trade deal that they have done it, because I think it has been batting around Australian politics for a long time.

That direction of travel and that continued effort to find ways to make more environment protections is one on which, with both the Australia and New Zealand documents, we will have very clear commitments that afford both of us opportunities and protection. I am thinking of the UK in that sense, but it is about making sure that we can continue to do that so that there would not be a demand for any kind of retrenchment. So I hope that those will be very useful and real tools to help us to continue to assess as we go forward.

Q63 **Mick Whitley:** As a quick supplementary to that, the CBI and others argue that the Government should conduct more in-depth sustainable assessments for FTAs, and that these should occur before rather than during negotiations. Would the DIT consider this?

Anne-Marie Trevelyan: That is a really interesting problem. I will go away and talk to the CBI, but I have not had a conversation with it about what it means by that. I think the reality is that you start a trade deal with a blank piece of paper and discuss with each other where you want to go. I am not sure that a pre-set set of outcomes is necessarily the right way to build a trade deal, which is all about mutual relationships and



preferential support for each other, because you think this is a country that you want to do more business with. But I am very happy to take that away and go and talk to them about how they see this in more detail. For me, this is, "Here is a blank piece of paper, pick a country, and let's talk about how we can do things better together to grow our mutual economic growth and support our environmental mission."

Mark Garnier: Always time for the strategy.

Anne-Marie Trevelyan: That as well.

Q64 **Sir Mark Hendrick:** You have a blank piece of paper and no strategy.

Anne-Marie Trevelyan: No, that is the point. There is somewhere between the two, is there not? But I do not know what the CBI's, "You have to have it all pinned down before you start a conversation," means, so I will take that away and talk to it.

Chair: The moment we have all been waiting for: Mr Paul Girvan.

Q65 **Paul Girvan:** Congratulations, Secretary of State, on your recent appointment. Just in relation to a request that went from this Committee on 9 September to your predecessor for a response in relation to the Australia FTA. Media reports indicated that the climate protection that was to be put in was removed. Is that part of the reason why we have had a delay in having a response to that request in September?

Anne-Marie Trevelyan: I will follow up on that, but the environment chapters in Australia and New Zealand are very robust and they continue to state that we will, in both cases, continue to commit to our Paris agreement submissions. As I say, Australia have, now actually, moved forwards in setting out what its position for net zero by 2050, which is really exciting. But I will get a formal response for you. I am sorry if you have not had one from the Department, I will make sure you get one.

Q66 **Paul Girvan:** We have not had one; I am just wondering when we are going to receive that.

Anne-Marie Trevelyan: No, I shall expedite that for you.

Paul Girvan: There is no indication, to go back to what Tony Lloyd said, of what actually happened. Australia seemed to be fairly fast and loose with their environmental protection issues. We want to ensure that whenever we enter into a trade deal with them, the standards that we want to set are carried forward, and not just on the head of a document, but literally will mean something.

Anne-Marie Trevelyan: No, there is a legal chapter on which we will get you more detail.

Q67 **Paul Girvan:** Another point that we wanted to raise: we received a response in relation to our digital and media report, but it was somewhat delayed in coming. We want to ensure that, if we send reports to you, we



will be receiving a timely and thorough response.

Anne-Marie Trevelyan: Happy to commit to that.

Q68 **Chair:** A final point, just following up from what Paul Girvan, Mick Whitley and Mark Garnier said. In the Australian deal there has been a lot of muddying of the water, but the point I am really concerned with are the targets of the Paris climate agreement, and the charge that the Government, under pressure from Australia, were cutting reference to the limiting of temperature growth to that specific 1.5 degrees centigrade from Paris. Is that the case or not? Will that be in the agreement or have the Australians cut it out?

Anne-Marie Trevelyan: Yes, because by saying we continue to stick to the Paris agreement goals, that is what we mean. The Paris agreement means to keep 1.5 alive—that is what was agreed.

Q69 **Chair:** That will specifically be set in the agreement.

Anne-Marie Trevelyan: That is very specific. That is what you mean by saying you agree with the Paris Agreement goals.

Q70 **Chair:** So the reports saying that the Australians are managing 1.5 degrees centigrade out is wrong.

Anne-Marie Trevelyan: Yes, because the chapters in both of these is about mutually agreeing that we will continue, as our own countries, to support the Paris agreement goals. In seeing Australia's net zero strategy published yesterday, we are actually seeing now how they propose to do that, which is really exciting.

Chair: Paul, do you want to come back?

Q71 **Paul Girvan:** Yesterday there was an announcement made in relation to all of the proposed actions that were to be taken. If they were to be implemented, it would still not meet the 1.5 target. In fact, they said it would be 2.7 degree, and I think I am correct in those two figures. That is taking into account all the data that has been put forward in relation to what they are proposing to agree at COP26.

Anne-Marie Trevelyan: The global picture continues to be reassessed by the UNFCCC team and the IPCC. When Paris was signed, the sense was that, given what people were doing, we were going to be something like 4 to 5 degrees, so we were in disaster zone area. By the middle of last year, the IPCC assessment was that it was nearer 3, so there had been progress by a number of countries, and some recent internal assessment figures suggest that it is going to be around 2 or 2.1. So, that is huge progress, with all the countries that are now participating doing so as fully as they can. Big ambition shifts have brought us to a much closer point, but that is not enough; 2.1 still has some really catastrophic climate impacts.

This continues to be the challenge, and we hope that we will see more in the next week as more countries agree to step up their ambition. Alok



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Sharma's challenge all year has been, "Step up your ambition." Australia's big shift in ambition will help, but there are other countries from whom some shift would make a big difference. But we are in a better place than we were in terms of the effects and, to return to the final point, I think, post COP26 it, is going to be incumbent upon me—and a great pleasure—to get out across the world and say, "It is possible to do this. It is possible to move to clean energy production. It is possible to change the way you have your transport systems and UK businesses are leading the way in providing solutions."

Chair: Thank you, Secretary State. The clock, as ever, beats us on these occasions. Thank you very much for coming. We wish you well collectively in your role in the time to come. We hope the Committee gave you an opportunity for reflection and thought, probably in lateral ways you might not have previously. To aid further reflection and thought, we hope to see you again before the end of next month.

Anne-Marie Trevelyan: I look forward to it, but if you would give me a few days to recover from COP, I would be grateful.

Chair: Thank you. We wish you well.