

# International Trade Committee

## Oral evidence: UK Trade Policy Transparency and Scrutiny, HC 1043iii

[Wednesday 14 November 2018](#)

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Watch the meeting

Members present: Angus Brendan MacNeil (Chair); Mr Nigel Evans; Sir Mark Hendrick; Mr Ranil Jayawardena; Mr Chris Leslie; Emma Little Pengelly; Julia Lopez; Faisal Rashid; Catherine West; Matt Western.

Questions 109 - 184

### Witnesses

I: Witnesses: Ivan McKee MSP, Minister for Trade, Investment and Innovation, Scottish Government; and Noel Lavery, Permanent Secretary, Department for the Economy, Northern Ireland Executive.

II: Witnesses: Councillor David Bentley, Chairman of the Local Government Association's Brexit Taskforce; Councillor Phillip Atkins OBE, Leader of Staffordshire County Council; and Michael Strange, Global Political Studies (International Relations) Department, Malmö University.

## Examination of Witnesses

Ivan McKee MSP, Minister for Trade, Investment and Innovation, Scottish Government; and Noel Lavery, Permanent Secretary, Department for the Economy, Northern Ireland Executive.

Q109 **Chair:** Good morning. Today is the second session of our inquiry into trade policy transparency and scrutiny. To that end we are taking evidence from Northern Ireland and Scotland from the panel in front of me this morning.

Can I ask the first panel to introduce themselves—name, rank and serial number—for the record, starting on my right?

**Ivan McKee:** I am the Scottish Government Minister for Trade, Investment and Innovation.

**Noel Lavery:** I am Permanent Secretary, Department for the Economy in Northern Ireland.

Q110 **Chair:** Thank you very much, and you are here because the Assembly is in abeyance at the moment.

Panel, what are the current arrangements for the involvement of devolved Administrations in the formulation of trade policy at EU level? What involvement does the Scottish Government have?

**Ivan McKee:** Clearly the UK Government is a member state and any involvement we have is through the UK Government. The point we made very clearly in a paper is that involvement is far from perfect—there are many, many issues with it. There is not really a formal structure for it that stands up to the job. There are many examples where the UK Government have not taken on board Scotland's position on various issues as they go into EU trade negotiations. We are very critical of the current arrangements with respect to the way the UK Government listens to the devolved Administrations.

**Noel Lavery:** Personally I have little involvement. I previously worked in agriculture, so sitting in agriculture in Northern Ireland issues like TTIP and Mercosur felt very distant. The UKG would tend to work through trade associations, which I understand. However, I would describe it as feeling quite distant from the process feeding into the UK line, but there was a lot of work with the UKG dealing with trade associations and trade bodies.

Q111 **Chair:** Thinking of Wallonia, how are the devolved Administrations in Northern Ireland and Scotland involved in the formal ratification and the subsequent implementation of EU trade agreements?

**Ivan McKee:** Trade is clearly a reserved matter but modern trade deals are very complex and impinge on all kinds of devolved areas. In terms of



ratification, we do not have any input to that at all. In fact we make some points in our paper about the lack of scrutiny and ratification, even at a UK Parliament level, with regard to trade deals. Certainly the Scottish Government and Parliament have no input there at all other than what we try to influence at a UK level.

Where implementation impacts devolved areas, we would have responsibility for it. Clearly that is an issue if we are not involved in the negotiations and ratification but are expected to implement.

**Noel Lavery:** It is similar, Chair, from a Northern Ireland view. It is a reserved matter. Ministers would have lobbied UKG Ministers on issues that would have been of specific interest to them, but that would have been basically it.

Q112 **Emma Little Pengelly:** There are two very distinct elements to this question, one of which relates to the ongoing proposals around Northern Ireland potentially staying within the EU single market. A more general point assumes there is a scenario where Northern Ireland, along with the other regions of the UK, could participate in new trade deals and the shaping of trade policy. That is an assumption I perhaps should not be making this morning, but for the purpose of this question I am making that assumption.

You have said the previous process seemed quite distant in terms of feeding through. One of the very strong arguments we have heard is that due to this particular regional interest—not just for Northern Ireland, but for Scotland and the north of England and so on—there is a keenness that in terms of the negotiating position there is not a trade-off between some of those industries and a disadvantage to a particular region within the UK.

Given your experience has been relatively distant in terms of your feed through, do you have any ideas or suggestions of how you would like to see that improved and how regional interests, including Northern Ireland interests, could be fully integrated within trade policy formulation that then feeds through to the mandate and the eventual deal?

**Noel Lavery:** There are a number of aspects to that, Chair, and there are a number of points I would like to make. The First and Deputy First Minister when they went to the Prime Minister on 10 August said, “We are reassured by your commitment that we will be fully involved and represented in negotiations in future relationships.” That was setting down a general point about future relationships.

DIT’s White Paper talks about a couple of principles and being “fully involved throughout the process”. I do think it is worthwhile making the point these matters would come to the Northern Ireland Executive under the current arrangements and rightly so, very significant cross-cutting. My advice to a Minister would be, “You want to be clear on what the process is, the process needs to be transparent and you want feedback



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during elements of the process". The Scottish and Welsh Governments have published papers on this.

I understand there is commercial confidentiality in negotiations, which is absolutely clear. People need that to be able to negotiate. You rightly identified you have defensive and offensive interests. If in Northern Ireland we had a specific interest, you would want that to be recognised. I think the way to do that is to recognise it at the start of the process. Is it geographical? Is it sectoral? Pharmaceuticals, agricultural and materials are big trading sectors for us. Recognise it at the start, process that out transparently, feedback at the end and then consultation at appropriate stages. That is what I would say to a Minister. However, again, it would have to be agreed by the Executive.

**Ivan McKee:** I echo that. There will be different requirements, different priorities and different interests from different parts of the UK. In Scotland, food and drink clearly has significant importance in terms of international trade, but we could identify other sectors. It is clearly important to understand what those are. When you are doing international trade negotiations, the offensive and defensive needs to be identified upfront, what you think your game plan is for how you are going to get your end game, what you are going to have to trade away at various stages and what you can expect from the other side. It is quite a complicated, involved and lengthy process with many twists and turns. To have not just a strong negotiating position and to also reflect the interests of all parts of the UK, it is very important to have that strategy identified upfront. It is very important therefore to have all parts of the UK, including the devolved Administrations, very firmly engaged in that process.

In terms of how we think that would operate, we have laid down in a discussion paper models for how it is done in other countries. We looked at Canada, we looked at Belgium and other examples and we have laid down how we think it could and should work. That would be through a statutory intergovernmental international trade Committee. That would pull in the different devolved Administrations and the UK Government right at the very start of that process so they were involved right from defining who we are going to do trade deals with, what we are trying to get out of them, what the negotiation stance is, what the roadmap for the negotiation is, what happens to the negotiations, what happens at the scrutiny process and what happens at ratification and implementation. Right through that process the strength would come from having the devolved Administrations there and firmly involved in the process.

- Q113 **Emma Little Pengelly:** The second part of the question is in particular for Northern Ireland, given the current proposals. Currently, as I understand it, the process is that Ministers will perhaps write or speak to relevant Ministers, trade bodies and Departments and then convey that information to the UK Government as the member state, and they then feed that through into the EU processes in terms of trade deals and



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interests. Assuming Brexit happens, the UK is no longer a member state but Northern Ireland is still within the single market. What consideration has been given to how, in that situation, Northern Ireland interests could be fed through to changes, differences and free trade agreements that the EU may strike that will impact on the single market, when effectively we lose perhaps what was already a reasonably weak voice through to the members of the UK because that will then no longer exist?

**Noel Lavery:** I do not think there has been particular consideration of it because the position has been so fluid, to be absolutely upfront with you. I understand the premise of your question. There is a lot to be worked out. I have not read these 500 pages yet—others may have and may have been up all night.

I will make a couple of general points though on the principles. Industry will want certainty. That is what industry will be looking for. We are a trading nation. Our exports are good. That is part of our industrial strategy so we will want to grow exports. Industry will not want additional cost but it will want certainty so there is a lot to be worked out in terms of industry having its voice. That is something we would be saying to Ministers and lobbying Ministers on strongly, whatever the arrangement is going to be.

Q114 **Emma Little Pengelly:** There are no options identified at this stage as to how that could possibly happen?

**Noel Lavery:** No, there are a number of options and a number of models out there—look at what the Scottish Government have proposed in a UK free trade agreement. We could put a number of options to Ministers. These are matters that politicians in the end would need to deal with.

**Chair:** We might find Northern Ireland effectively being a member state, you never know, with huge influence over Brussels' policy.

Q115 **Mr Chris Leslie:** On this question of the ability to consult in Northern Ireland on things that are going to change—whether it is this particular deal, when we see the full 500 pages—if there are going to be big changes potentially it could change the terms of the Good Friday Agreement. It was not just a question of consulting the Northern Ireland Executive because the Good Friday Agreement was drawn up by the consent of the people of Northern Ireland and the Republic of Ireland. Therefore has any consideration been given to the potential for a fresh poll of the people of Northern Ireland or the Republic of Ireland if the terms of the Good Friday Agreement are going to change?

**Noel Lavery:** I would have to say that that, Mr Leslie, is not something I would want to be drawn into, I am sorry.

Q116 **Mr Chris Leslie:** Am I right in thinking that the Good Friday Agreement came into force with the consent of the people of Northern Ireland and the Republic of Ireland?

**Chair:** That is widening the scope of the inquiry.



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**Mr Chris Leslie:** Factually, that is correct?

**Noel Lavery:** I remember voting in 1998, yes.

**Mr Chris Leslie:** It is a consultative tool?

**Noel Lavery:** Chair, I would say I did write to you on the areas I could speak on and answer to. I think you are drawing me into politics here.

**Mr Chris Leslie:** I know, but you are in charge. There is no Northern Ireland Executive. It is a legitimate question.

**Chair:** Members are free to ask their questions and you are free to not answer.

Q117 **Mr Chris Leslie:** It feels to me there is a consultative question here if there are potential changes in trading terms. It is not just a question of consulting the Northern Ireland Executive.

**Noel Lavery:** Can I just make one point?

**Chair:** We can leave it hanging or you can make a point.

**Noel Lavery:** I think it would be much better if I was represented by a Minister and the Minister could make that point.

What we are doing is working through UKG in terms of trade, the matter of this inquiry, at a number of levels, including a technical level. We are working through DIT and all the mechanisms that are there, such as a JMC, where public servants find themselves representing Northern Ireland's position. That is where we are. Hopefully we will have Ministers back soon who will be able to deal with these very significant constitutional and trade matters.

Q118 **Chair:** We have a Minister here. Nicola Sturgeon, First Minister of Scotland, was tweeting last night that if Northern Ireland has a deal that keeps it in the single market, Scotland would look at that quite enviously. We would end up competing with Northern Ireland for the same investment and would feel at a disadvantage to Northern Ireland. Do you have any further comment to make on that?

**Ivan McKee:** The Irish situation is something we watch very closely. We are very supportive of the position that there should absolutely be no return to any kind of border on the island of Ireland. We agree with the Irish Government and others on that.

The position in Scotland clearly is that we put forward in our "Scotland's Place in Europe" paper last year proposals for a differentiated solution. It is no secret Scotland voted overwhelmingly to remain and the position of the Scottish Government is that Brexit is a huge mistake and we should be remaining as the UK. If that is not going to happen, then the second preferred option is that the whole of the UK should stay in the single market and the customs union because that is the least damaging of all the damaging options. If that is not going to happen, then our preferred



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option is that Scotland should stay with a differentiated solution in the single market. As the situation is developing in Ireland, we may end up with something like that, so we watch the situation closely. If Northern Ireland is differentiated, we would absolutely be very keen to explore that in the Scottish context.

- Q119 **Emma Little Pengelly:** There has been this proposal about Scotland potentially staying in the customs union and England leaving. There has been a lot of talk about the border between the Republic of Ireland and Northern Ireland. Is it the case that the Scottish Government's third option would support a hard border between England and Scotland in order to deliver what you are seeking?

**Ivan McKee:** Absolutely not. The paper we produced explains how that would operate. We believe there is a clear solution that works in that situation.

- Q120 **Faisal Rashid:** Should agreement be sought from devolved legislatures when it comes to trade policy decisions affecting their devolved competence?

**Ivan McKee:** Yes, of course.

- Q121 **Faisal Rashid:** At what point in the process of negotiation or ratification should a trade agreement be sought?

**Ivan McKee:** Our position is that it is quite clearly the case that modern trade deals are extremely complicated. They involve a lot more than just tariff and non-tariff barriers, there are implications for workers' rights, for standards, for environmental aspects and for a whole range of aspects, many of which are in the devolved competence. Because of that complexity, our clear position is that all the devolved Administrations should be involved in all aspects of trade negotiations right from the very beginning. That is deciding what countries you want to go into trade deals with, right through the process of defining your objectives, selecting a negotiating team, putting them in place, monitoring negotiations, through to scrutiny, ratification and implementation. A formal statutory structure should be put in place at a UK level to enable that to happen.

We see that as being not only the most effective way to engage the devolved Administrations but also the most effective way for the UK to negotiate. It avoids situations where you get to the final hurdle and then find out there is something you have not thought of, something that should have been included but was not, or any other problems you could hit on the way.

**Noel Lavery:** Again, apologies, but this is the advice I would give to a Minister. I do not disagree with anything the Minister has just said. I go back to what I said earlier: the First and Deputy First Ministers sought such an assurance. DIT's White Paper says UK trade policy will deliver benefits for business, workers and consumers across the whole of the UK.





The pre-negotiation paper says approach negotiations throughout the entire negotiation period. I think that is right. From a devolved Administration point of view, a devolved Assembly or a devolved Executive would want to have its view on the process—the sectors, as I said before, and the priorities—especially where there are specific defensive and offensive interests. I find it very difficult to see local Ministers not wanting that involvement if they had a significant industry that was going to be impacted positively or negatively by a trade deal. It would seem very odd they would not want that involvement.

**Faisal Rashid:** Thank you very much. It is a very clear message.

Q122 **Chair:** From the UK Government's statements to date on this matter, do you think devolved Administrations will be sufficiently involved in trade policy decisions in the future? Have you seen any glimmers of hope?

**Ivan McKee:** We produced a discussion document on Scotland's role in future UK trade arrangements and we are yet to have any response on that. I think that tells a story. I have had meetings with UK Government Ministers, as have my colleagues. Their words say, "We are keen to listen to you, we are keen to talk to you". However, in terms of the hard nuts and bolts of where this would actually go and what it would look like there has not been engagement yet around what we think are the important substantive issues of where we go forward. I would have to say at this stage we are concerned it does not look like there is an intent for the kind of process we think is necessary to be developed.

Q123 **Chair:** Do you feel in any way a member state of the UK? We talk of an EU 27. We have had talk about Europe being a super state. However, what you are describing there is you are just not considered and it is done very centrally in London. Is that fair?

**Ivan McKee:** Absolutely—that is the factual basis of what happens at the moment. There is nothing we have seen that would change that. If you look, for example, at the strategic trade advisory group that was talked about in the summer and has gone a bit quiet since then, there is no real role for the devolved Administrations. If you look at the proposals on the Trade Remedies Authority, there are no proposals for any devolved Administration involvement. When you look through the things that have happened or that have been proposed and been put forward, there is an absence of any willingness to involve devolved authorities in any of those processes and structures.

**Chair:** Any perspective from Northern Ireland on that?

**Noel Lavery:** I am not sure I would go as far as the Minister on this one. It is early days and it got off to a slow start. As I said before, we are working at a number of levels. I would have to say Crawford Falconer and his team came over and had engagement with us and stakeholders, last month I believe. That was a good and meaningful engagement. I think stakeholders appreciated it and we would like to see more of it. The proof of the pudding is always in the eating. We have good relationships with





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DIT working across the globe. Invest NI is co-located with them in I think 10 offices now.

A slow start, Chair, good engagement recently but we would like to see it develop and improve.

**Chair:** Thank you. We would have had a Welsh perspective but unfortunately the Welsh Government withdrew last week from this evidence session and would not give us a replacement so we do not have that perspective. We are very grateful to Scotland and Northern Ireland.

Q124 **Mr Ranil Jayawardena:** Drawing reference to the point you made at the outset that trade is a reserved matter, I understand the Welsh Government has proposed a joint ministerial committee for international trade to enhance collaboration on trade policy between Whitehall and devolved Administrations. Do you support this proposal in any way and, if not, why not?

**Ivan McKee:** We see the JMC structure at the moment as not being robust enough in total and not robust enough to deal with trade policy and trade negotiations. We understand the Welsh position. We have a discussion document—it may well be that a beefed-up JMC on trade may work if it is developed. The proposal in our paper is, as I said, for a statutory intergovernmental international trade Committee that would have a clear role right through all parts of the negotiation. That would be the vehicle we would see as being the way to involve the devolved Administrations.

Q125 **Mr Ranil Jayawardena:** Can I just probe what are the problems with what the Welsh Government has proposed in your view?

**Ivan McKee:** I think the issue with JMC in general is that it is not—

Q126 **Mr Ranil Jayawardena:** You said it might need to be beefed-up.

**Ivan McKee:** It is not statutory.

Q127 **Mr Ranil Jayawardena:** It is a reserved matter though.

**Ivan McKee:** Yes, but as I have said the scope of international trade deals is much broader than just trade. They are complex and involve all kinds of issues that are devolved, notwithstanding the defensive and offensive interests of specific sectors that relate closely to devolved Administrations.

Q128 **Mr Ranil Jayawardena:** Does the Administration have a view?

**Noel Lavery:** What I would say to a Minister, if I had a Minister, is JMC is a good mechanism in theory. However, as the Minister has said, it is not statutory. If there was a trade mechanism that involved the devolveds, which would oversee this process, I would advise a Minister that that would be a good mechanism, but we would need to look at the detail of how that would work out. It seems a sensible approach. I take the Minister's point in terms of it not being statutory, which is an issue.



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Q129 **Mr Ranil Jayawardena:** If there was a statutory process—I am thinking out loud here—could it lead to an unwieldy operation that slowed down decisions that needed to be made and often need to be made quickly?

**Ivan McKee:** Trade negotiations take time.

**Mr Ranil Jayawardena:** Ultimately decisions do need to be made very quickly at a point in time.

**Ivan McKee:** That is why it is very important that the structure of negotiations is thrashed out early in that process, so when you get to those midnight meetings and you have to make decisions you have a very clear and well-developed strategy, you know what your offensive and defensive positions are and you have buy-in to that from everybody who is involved. That is where you end up in a strong negotiating position. That is why it is important to have the structure, have everybody involved and have that developed early on in the process so as you move through the process you are building on a solid foundation and not ending up, as we have seen in some situations, where things are not on the table that should have been and you end up in a difficult position as a consequence.

**Mr Ranil Jayawardena:** Thank you.

Q130 **Julia Lopez:** What trade policy documents do you think should be made publicly available and to what extent do you believe confidential trade policy documents should be made available to you as devolved Administrations?

**Ivan McKee:** Our view is that we should be involved in that process and there is absolutely no reason why we should not see documents that relate to negotiations. That is different from what is potentially in the public domain. There will be stages to that process and clearly there will be times when the negotiators will be working in an environment where, because of the sensitivity, things will not be in the public domain. We will go through phases in the negotiation process. The key point is that the scope of negotiations—the strategy, what you expect to happen, what you are going to give and when, and those kinds of tactical and strategic issues—will be developed and understood at the early part of the process so negotiators have things to work with as they work through the process.

**Noel Lavery:** I agree with virtually all of that. If you agree it early on then everybody's clear and transparent. There will be times within the process when you will want to seek consultation—which can be within an agreed process, behind closed doors or whatever—and at stages you will want to go public. It is all a matter of being transparent and agreeing it beforehand.

We recognise that these are complex negotiations and this is a difficult task. We are not looking for an open book on everything—clearly that would not be rational—but we are looking to be clear on the process. I



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take your point, there is a balance to be struck with trade policy documents and consultation.

Q131 **Faisal Rashid:** We had a similar question last week as well and the answer was pretty much the same. There has to be a balance.

In terms of documents being available, I think it is more important to devolved Administrations because then you can actually do the consultation and know where things are going. However, maybe there is some sensitive information that publicly cannot be given. Do you agree?

**Ivan McKee:** Yes.

**Noel Lavery:** I think the general principle surely is having confidence in the process—devolved Administrations need confidence in the process and importantly industry needs confidence in the process.

Q132 **Matt Western:** You alluded a little earlier to countries such as Canada and their federal set-up, which is a very mature set-up. We have also talked about Belgium. Can you elaborate a little bit more on what we can learn from how they go about that?

**Ivan McKee:** The Canadian process is that they have C-Trade, which is their Committee that does a very similar role to what we would propose would take place in the UK. Again, the provinces are engaged through the process from start to finish. As you say, it is a very mature approach. When C-Trade was negotiated, the Canadian provinces were involved in that process and they are in the room when negotiations with the EU are taking place. That gives strength to the Canadian approach and also means the partner understands that everyone on the other side has bought in and there is a much reduced risk of any last minute surprises coming down the line that had not been put on the table. Therefore I think it adds strength to the negotiations in total.

Q133 **Matt Western:** In terms of this balance we have just been trying to describe and the checks and balances that you put in place, it is about ensuring there is no overburden on the negotiators but that there is that flow of information both ways. Do you think that can be achieved?

**Ivan McKee:** I do not have any doubt it can. If parties go into it with that attitude—there is no reason why they should not—then you would be in a position where that would very much be the case. That is their approach. It is developing that mature way of dealing with it, which countries such as Canada have. In our discussion paper we said we were open to ideas on how that can be done.

**Noel Lavery:** The Minister makes a very good point about those you are negotiating with having confidence in your process, which is an important point that we had not raised earlier.

There is a balance here. The Institute of Government has produced an interesting paper—I am not sure if the Committee has had sight of that. Queen's University published a paper that we forwarded to DIT on the



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role of devolved Administrations. You will have taken evidence on a number of different views. I think it is transparency, confidence and a balance.

One point I would raise is that, if we could imagine a situation where a devolved Administration had the majority of trade in a certain area, it would be interesting to look at that and what their involvement would be. In our discussion, we are probably talking about elements, but you could have a chapter where the devolveds had the majority or a very significant interest. For food and drink, the Scots and Northern Ireland would have a very significant interest. You need to look at that as one specific area.

**Chair:** Dairy and beef, an agricultural interest, being traded away for another area of the UK. You certainly would not want to wake up after the trade agreement and find you had lost—

**Noel Lavery:** Again, it would be a very difficult conversation with the Minister to say, “How did that ever happen?” Sorry to keep reverting to my agri-food past there.

Q134 **Faisal Rashid:** What role can devolved Administrations play in consultation with businesses and trade organisations? How can you facilitate the consultation?

**Ivan McKee:** We—the Scottish Government and I, as a Minister for Trade—are doing that every day of the week. We are talking to businesses constantly. We are talking to business organisations in Scotland on a daily basis, be it CBI, Chambers, FSB or specific sectoral organisations in food and drink, life sciences, financial services or fintech. We are talking to those organisations and businesses all the time in terms of the Scottish environment and what is important to Scottish business and also, in a wider sense, what is important to Scottish society. You have to remember there are environmental impacts, workers’ rights, food standards, all kinds of things that impinge on it as well. There is an impact on the health service potentially, depending on what the trade deals are. We are connected in a way that allows us to reflect that and also what Scottish local authorities have to say about it as well.

Q135 **Faisal Rashid:** How do you feed this back to the Government? What is the mechanism? You can engage with the different sectors, no problem. You go and speak to them and hear what they say. What is the mechanism you can provide that is more authentic with some kind of logic to the Government?

**Ivan McKee:** From the Scottish Government to the UK Government?

**Faisal Rashid:** Yes, that is right.

**Ivan McKee:** What we have put in the discussion document clearly lays out why we should be involved, what is wrong with the current system and the stages at which devolved Administrations should be involved. The building block for that is a statutory Committee that would have the role



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and the remit to oversee the negotiations and that would be reflective of input from all the devolved Administrations.

Q136 **Faisal Rashid:** That is fine. However, what I am trying to understand is how you can facilitate and help the Government to put your point across that you have done this consultation with the businesses in your jurisdiction and this is the outcome.

**Ivan McKee:** That would be fed through that process. That process would be structured in such a way that the Scottish Government would be able to feed through to the UK Government to reflect the interests that are important in the Scottish case.

**Noel Lavery:** First, if I go back to the visit that Crawford Falconer's team had, Northern Ireland is a small, tight region so that means officials can get the right people in the room and the right trade associations. At that level we can facilitate DIT because we are close to businesses and we know the trade associations.

Secondly, in terms of facilitating, if I had a local Minister I would be advising them to have an advisory group. If there is a specific trade deal this group would advise the Minister on this aspect—that is the way it would work. It is being able to put DIT and the right people in the room to advise a Minister to feed into the UKG position, and then at a technical level understanding and working with DIT.

It goes to trade. It also goes to imports as well in terms of having the local knowledge of all of the trading relationships, outward and inward.

**Faisal Rashid:** That is fine, I got the answer. Thank you.

Q137 **Chair:** Mr McKee, you described speaking to business and stakeholders in Scotland. That is informal, I take it. I take it this is ad hoc just through the nature of your work. Would there be any plan to formalise this if the UK is going towards a trade agreement? Even if the UK Government was not including you in its structures, would you look in future to formalise the way you gather information on your position in Scotland to feed into the UK Government whether they want it or not?

**Ivan McKee:** That is something we would certainly look at, absolutely. It is important to have that information flow to appreciate what the requirements are for sectors. If there was a need to make that on a more formal basis then that is something we would look at.

**Noel Lavery:** Yes, it should be formalised, as should the number of arrangements we have talked about. There should be a formal seeking of that data at an analytical level, and seeking input from business in a formal way. It was mentioned earlier that DIT are going to form their STAG Committee, and I do think devolved Administrations are meant to have one representative on that. It is at a number of formal levels, data consultation and representing it straight into DIT's consultation process.



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Q138 **Chair:** Is the plea, as you see it from a Northern Ireland perspective, to have this as structured as possible, going from the UK Government through your Executive and down towards your businesses? Is that something that appeals?

**Noel Lavery:** A formal structure so everybody knows what it is at the start and working your way through the process does appeal. There should be a formal request from DIT for trade data in a formal mechanism. Forgive me, Chair, I am not sure if that is in process or not at the minute. We have certainly submitted data to DIT but you would think that should be formalised as a process so that it commences and goes on.

Q139 **Matt Western:** You put it very neatly when you are talking about transparency, confidence and balance in how there is this sharing of information and the checks and balances in the process between the Administrations and the central negotiation. Global Justice advocated in its submission that there should be some form of provision in any deal that allows for the legislatures to be able to reassess the economic impacts, maybe social impacts as well, every five years, and that the devolved Assemblies should be able to propose changes and recommend to the UK Parliament that it withdraw from such an agreement. Do you agree?

**Ivan McKee:** The process of getting into trade deals is long and complex. The process of getting out of trade deals is also long and complex, as we have seen. That is clearly always an option that is on the table but there may be a requirement to go back and renegotiate or re-look at some deals—"evolved deals" is probably a better way of putting it—depending on circumstances. If you want to be in the position where you are saying that every five years you are going to re-evaluate the deal with a potential view of exiting it, then that might be something that does not inspire confidence in your negotiating partners during the process itself. However, clearly, as things evolve you would need to take those into account.

Q140 **Matt Western:** An unanticipated consequence or impact of some part of a negotiation—looking at it in the round—that has significant consequences for a region would be of concern?

**Ivan McKee:** When you go into a trade negotiation with a partner you need to take all of that into account as best you can. There may well be things that evolve that you need to look at in future. However, as I say, I am not sure in general terms putting in escape hatches along the way would inspire confidence with your negotiating partners that you were committed to the process.

Q141 **Matt Western:** You would not want that in Scotland?

**Ivan McKee:** There is always the option, depending on what happens, to revisit deals or review where you got to if something significant or unexpected happens. But, as I say, it is going to be on a case-by-case





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basis because it is something you would have to agree potentially with the partner if you were going to have a review stage at various points or if you wanted to unilaterally exit deals. Clearly there are international obligations you would need to take account of as well.

**Noel Lavery:** It is not something I am well versed in, I will admit. My only additional thought is that clearly price and volume is what trade is about, and quality as well. Given the length of time it takes to negotiate one of these deals, five years sounds like a short timescale intuitively. I would have thought there could have been some review mechanism built in but five years sounds quite short. I do not know the technicalities of it. I can see the principle for a review mechanism, yes.

Q142 **Matt Western:** With your experience, how long do you think would be a sensible period?

**Noel Lavery:** I honestly do not know but in an international trade deal it seems like a short window to me. You can prove me wrong by turning up with a piece of paper.

Q143 **Chair:** What views do you have of the devolved Administrations not being involved in the rollover of any EU free trade agreements? What are your views on your involvement being curtailed or not being asked?

**Ivan McKee:** Up until now, do you mean?

**Chair:** From the point of view of the Trade Bill as it came forward, the devolved Administrations cannot deal with it.

**Ivan McKee:** There are a number of points there. In terms of the rollover of the EU's third-party deals the Trade Bill is looking at, and the grandfathering of those, we think devolved Administrations should have a role because, as that process evolves, and depending on where we end up with Brexit, the third parties involved in those deals will be seeking to renegotiate. Therefore you could effectively not just be rolling over but all kinds of other things could be happening. Effectively they could evolve into new deals.

In terms of where we have been up to now, if you look at the example of CETA, the UK Government failed to put any geographic indications on the table and get those included in that deal. The EU had pages of them but there were none from the UK. Clearly those are of significant importance to Scotland's food and drink industry and that is something we would, had we been involved in the process, formally been pushing for and arguing for.

There was also some uncertainty—I am not exactly sure what happened because it was not transparent—in terms of TTIP and whether the NHS was going to be protected in that deal. That is very important in the Scottish context. The level of privatisation of NHS that has happened down south has not happened in Scotland—that is something we are very keen to protect. Again, that is something we would have argued strongly





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for had we been involved as part of a more effective structure within UK for its input as a member state to EU trade deals.

**Chair:** Thank you. When I hear of geographical indicators I, of course, think of the excellent Stornoway black pudding that I have to give up for no good reason.

**Noel Lavery:** We talked earlier about the distant involvement in EU trade deals and there will be an equally distant involvement, I am sure, in the rollover.

From an industry perspective, they will be looking for deals to be rolled over as quickly as possible with no gap—that goes back to my trade certainty point.

Q144 **Chair:** Going back to the transparency point and what papers should be made available, should the text of trade agreements be shared with devolved Administrations as they are being negotiated? What would the upside and downside of that be?

**Ivan McKee:** It is a point we have talked on before. The important point is to get the strategy and the tactics worked out at the beginning so you know what it is you are trying to do and how you are going to proceed through the process. You clearly then have negotiators who are doing this as their day job on an ongoing basis. At stages in that process you would want to review what is happening or the significant issues that have come up that need to be reviewed. Working out exactly how that process would look and what the rules should be around that, there would be stages where absolutely you would want to look at where you were up to and what the text was. Would you want to be doing that on a daily basis? Probably not.

Q145 **Chair:** You clearly want to see the text as they are being negotiated?

**Ivan McKee:** At staged points through that process, yes.

**Noel Lavery:** Yes, I agree at staged points, which would be agreed early on as part of the process. There is like a sliding scale. If the devolved Administration had a very strong interest then you would expect to have more access to how that was developing. I think that is sensible.

Q146 **Chair:** We are coming towards the end of our evidence session with the first panel this morning. This is a general question directed to the Scottish Government. If Northern Ireland were to stay in the single market and the Customs Union, what advantages or disadvantages do you think that would give Scotland vis-à-vis Northern Ireland?

**Ivan McKee:** Northern Ireland vis-à-vis Scotland, do you mean?

**Chair:** If Northern Ireland stays in the customs union and single market and Scotland is not in the customs union and single market, how do you view that from a trade perspective, as a Scottish Government Minister?



**Ivan McKee:** It gives Northern Ireland advantages because they are able to operate within the EU without barriers, they will be able to access labour and skills, will be able to export and do a lot of things and we will be potentially constrained by being outside the single market.

Q147 **Chair:** You would look at that enviously, I presume?

**Ivan McKee:** Yes, indeed.

**Chair:** Can I thank the first panel this morning for their attendance and sharing their perspectives. It is a pity we did not have Wales but we do appreciate Scotland and Northern Ireland turning up. Thank you very much. We will take a three minute break before we have our second panel.

## Examination of Witnesses

Councillor David Bentley, Chairman of the Local Government Association's Brexit Taskforce; Councillor Phillip Atkins OBE, Leader of Staffordshire County Council; and Michael Strange, Global Political Studies (International Relations) Department, Malmö University.

Q148 **Chair:** I would ask our second panel of the morning on our inquiry into trade policy transparency and scrutiny to introduce themselves starting on my left, please.

**Councillor Bentley:** I am Councillor Kevin Bentley. I am the Deputy Leader of Essex County Council and the LGA lead on Brexit.

**Councillor Atkins:** I am Philip Atkins. I am the Leader of Staffordshire County Council. I am also Vice Chairman of the County Councils Network and I do lots of other things as well.

**Dr Strange:** I am Michael Strange. I am an associate professor at Malmö University. Most recently I have been doing work on collaboration between local government and social movements in trying to influence trade policy.

Q149 **Chair:** Thank you all for coming. I will ask the panel an opener: what do you think are the benefits of involving local government in the developing of trade policy?

**Councillor Bentley:** From my point of view I think local government is well placed to deal with international trade. Certainly in my own authority in Essex for 30 years we have had a relationship with the Jiangsu Province in China. It is a large province in terms of population. It started as a cultural exchange and now is very much more business led. We will work for some of the local governments over in that part of China and also bring businesses together. That is one example from my own area. Across the country there are other examples as well of where direct links with other towns, cities and provinces in other parts of the globe bring direct benefits. Again, a lot of it starts as cultural exchanges but in many



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cases there are lots of businesses, certainly in the data-capturing and digital world, where companies can now expand and have direct contact. The direct link is through that local contact. That is the power of this.

With Brexit looming one of the comments I constantly make in all of this is we do not want to swap Brussels for Whitehall. The answers do not always sit in Whitehall. In fact, a lot of the answers sit in and around the United Kingdom. That is where a lot of the engagement takes place and direct engagement. That local link is very powerful. Businesses like to do business with people they know and respect, which can be done very much through local authorities.

**Councillor Atkins:** In Staffordshire we have a long record of working with business helping them find sites. They also obviously want workers, so there is a key thing about skills. We work on ESF funding already. We did an in-depth examination of what the local issues and opportunities were. A number of opportunities flow from being able to trade a little bit differently. Some of the rules and regulations are a bit more complex. We have come to the conclusion that a decentralisation of power is certainly required—I am not going to call it devolution or delegation but decentralisation.

Q150 **Chair:** Do you feel any difficulty with the Home Office on labour issues?

**Councillor Atkins:** There are certain things around that. We have done an in-depth survey of how many EU workers we have in our county. We have citizenship powers as well. There are issues around seasonal agricultural workers, workers in the care sector and the retail/hotel trade. There is a quid pro quo, because they have normally been cheaper labour than there would be locally and those industries perhaps have not raised the profile of a skilled career path or automation. We have a big manufacturing base, which is doing quite well at the moment in some bits but not in others. They have automated many of their tasks. It is quite interesting that some companies have reshored suppliers over the last couple of years. They have brought back factories rather than buying parts from abroad or sending bits out to be machined abroad and then brought back.

**Dr Strange:** Historically, of course, local government has been seen as less relevant than other institutions to international trade. International trade has been thought to be something taking place at another level and trade agreements are thought to be too general for the input of local government to be relevant. In that context I would like to say how pleased I am to see the work of groups like the LGA that Councillor Bentley is involved with in terms of changing that discourse.

It is true to say, to borrow an old slogan, that local government can reach parts of the economy and society that other institutions cannot. This is going to be increasingly important, given that, in order to maintain the current level of UK access to both European and global markets, the UK is going to be under sustained pressure to engage in agreements that



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affect trade that go beyond how the broader public understand what trade is. Local government has an important role in terms of bringing the public along in that process.

Q151 **Mr Nigel Evans:** Kevin, you said not all the answers rest in Whitehall. I think some of the problems may rest there, never mind the answers.

**Chair:** So cynical for one so young.

**Mr Nigel Evans:** I was going to say maybe even one street off Whitehall but there we go.

You just talked about labour being important. In my constituency, we have shortages within the hotel trade and within some restaurants already. Do you think the Home Office is actually listening to you as far as the demand is concerned? Philip, you mentioned some of the seasonal labour. It is amazing that British people apparently do not want to pick lettuces and do not want to pick cabbages and we have to rely on some of the labour coming in from Eastern Europe. Are you able to make representations on things like the more flexible new visa regime that is going to come in when we finally know the details of it?

**Councillor Bentley:** I can probably answer that slightly more because I sit on the delivery board that the Secretary of State at the Ministry of Housing, Communities and Local Government has set up. We press this point hugely—for seasonal work, the entertainment business, the catering business, restaurants and that sort of thing, and social care particularly—in local government. 7% of EU nationals work in our care sector on average across the country. Of course, the numbers will vary depending on local authorities. We continually talk to that delivery board, which brings various Ministers or civil servants to that board about this issue.

One of the things we have discussed with the delivery board over a long period of time—it is slightly away from this but it is connected—is the voting rights of EU nationals at the next set of elections coming up in May. Of course, the local elections are as important as any other form of election. We will be withdrawing just a few days before the close of nominations and we had to settle whether EU nationals could stand, and indeed vote. The Government has agreed they can, certainly up until 2020. That is very good and we pressed that.

The next point is around labour and the free movement of labour. Lots of businesses rely on EU nationals to work in those sectors. We have picked up anecdotally, certainly in rural communities, that people have not grown crops this time round because they know they will not be able to have them picked. You will know that in your own constituency, Philip will know that in his own county, and it is true of many rural counties such as Essex. Our next port of call is to press very hard on clarity around seasonal work—where people come and go and are not here permanently—and what we are going to do about that. That labour force probably is not seen or felt by people but is equally as important as any other industry.



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Q152 **Chair:** To check my hearing, there was a statistic you gave at the beginning, 7% or 70%?

**Councillor Bentley:** 7%.

**Chair:** Single digit, 7%?

**Councillor Bentley:** Single digit, yes.

**Councillor Atkins:** In statistical research we did when the Brexit vote went through, EU and Irish passport holders account for about 2.3% of the overall Staffordshire workforce. We went in-depth to find out where more than 5% are. We know where most of them are—surprisingly transport and storage were one of the biggest areas where the workforce is from the EU. There are about 1,700 in wholesale and retail. About half of the EU and Irish passport workers are in low-skilled occupations, and a greater proportion of EU nationals risk automation in jobs they do. There needs to be an element of time for that automation to come in. If you do it like that, then there will be workforce shortages. Time is needed to skill people up and make careers.

Q153 **Mr Nigel Evans:** The new visa regime does not necessarily have to restrict to the EU—it is the whole world—so it needs to be flexible.

**Councillor Atkins:** Yes, absolutely.

Q154 **Mr Ranil Jayawardena:** Councillor Bentley, I was a former councillor as well so I totally respect the good that local government can do up and down the land.

You talked about—if I can put it this way—the reshoring of powers from Brussels to Whitehall and potentially then down to town hall. As we have discovered in creating the Department for International Trade, there is a lot of work required in setting up a new function. Can you outline what work local government has been doing in making sure you have the right labour force within councils to deal with what you are proposing, which is taking more of a hands-on role in trade?

**Councillor Bentley:** In saying “town hall” I would say “county hall” as well. It will vary, of course, because different authorities do different things. Certainly in Essex we have a dedicated team that does our Jiangsu work. We have also looked into India as well. Local government has the ability to work with private companies as well to make that happen, and to bring in that resource as well. Through our local enterprise partnerships we can make that happen because they are business led—we can do it through the local industrial strategies as well. What is very important in those strategies is making sure we do not have just an internal focus on our economy but an external focus. External to me is global. That very much includes the EU as well because we are currently dealing with EU companies. In Essex we have Ford, which is very large across the whole of Europe and indeed the whole of the world. There are other companies as well. We have airports that clearly have to



have a workforce that can cope with a multitude of people coming in and out.

Q155 **Mr Ranil Jayawardena:** What about the workforce in your own council?

**Councillor Bentley:** I am explaining that, in Essex, it will vary between the council, depending on their level of commitment so far. We have strength in our work with businesses through our LEPs, which feed into the industrial strategies as well. I think you will find that emerging. If you read our industrial strategies, you would see that bit coming through loud and clear.

What I do not see is local government as a column on its own, working in total isolation. This is absolutely about partnership. If UK plc, Essex plc, Staffordshire plc or anywhere else is going to thrive, it must do that in partnership. Partnership working for us is hugely important and there is no better form of collaborative working than local government.

Q156 **Julia Lopez:** Essex is a very important county when it comes to trade. You have some big ports there with London Gateway, Tilbury and so on. I am wondering whether you are doing anything on trade facilitation, and whether you are working with the Department for Transport to connect what the Government is doing centrally with what you are doing locally to make sure trade flows easily once it is here. However, that was not actually my question.

**Councillor Bentley:** Would you like me to answer it then, since you posed it?

**Julia Lopez:** Yes, please.

**Councillor Bentley:** I am delighted this is an advert for Essex—

**Julia Lopez:** I was born in Essex, you see.

**Councillor Bentley:** I am delighted, but I am here to represent the whole country. What is important to bear in mind in all of this is that, of course, we are talking infrastructure. Certainly across the country, through HIF bids and through other planned work with DfT, we are strengthening our road network. There is no question that we have to strengthen the east-west links across this country where a lot of the ports are. On the east coast and the west coast, all the way up and down, east-west links have to be improved to make sure we can get on to the main networks as well. From an Essex point of view we are working very closely with DfT to make sure that happens.

At the ports, one of the things we are now having to talk to Government about is around trading standards. Our trading standards officers, right throughout the country, are a fine group of people who do an enormous amount of work that is largely unseen. A lot of that work will be done around ports as well. We are now saying to Government very clearly, "If things are going to change, what is going to change? Does it need retraining? Give us a heads up on that very early. If it does need





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retraining and extra resource then, of course, you are going to have to help us out because we do not have a lot of extra resource but have to deliver these very important services.”

Infrastructure is more than just roads. It is also about the work done at airports and seaports.

**Q157 Julia Lopez:** How markedly, if at all, has the tone of conversation changed with Government since the referendum? Do you sense a dramatic shift in how they are looking at how to deal with some of these issues or do you think it seems like business as usual?

**Councillor Atkins:** I was going to say something about the infrastructure, which is what the original question was. I am a member of the Midlands Engine Strategic Board and a member of the Midlands Connect, which is a subnational transport body, or about to be. We have done an awful lot of work over the last two years on prioritising what is best for the Midlands Engine, which is from Lincolnshire at the North Sea to the Welsh border. Therefore we understand the east-west connections that Kevin was on about. We prioritise that because the north-south are taken care of, to a degree, and the infrastructure is in place.

In Staffordshire, with the pressures on social care, we have managed to keep our economic development team because it brings in far more. We rely on growing our economy in the years to come and on housing for the income, because that is what we depend on, through business rates and council tax, to fund all the other things we have to do.

It is a high priority for us but there is a bit of confusion in two-tier areas about who does economic development. Do not confuse planning permission with economic development. The district councils did not put the money in to the i54 motorway junction. Staffordshire County Council is the first local authority to build a motorway junction in the country and we are involved with another one at the moment. They do not have the cash for that but they will get the business rates from the factories that are built, which will fund the money we have borrowed to build the motorway junction. There is a little bit of quid pro quo. Money is never a problem, paying it back is.

You can grow your economy and make those opportunities but, as Kevin said, there are trading standards and regulations. I came across notaries the other day who stamp the manifest when they come in and out. There are all sorts of things that you need in place. We have companies that trade around the world anyway—I have JCB in my division that is reshoring factories and exports to 260-something countries—that have people who normally do this. The others do not and have perhaps not delivered those skills.

**Councillor Bentley:** Can I answer the question around the involvement with Government? It is probably fair to say that, in the first year after the referendum, there was not much dialogue. In the last year, certainly



since James Brokenshire became the Secretary of State, there has been a huge degree of conversation with local government, setting up the delivery board, the regular meetings, the access to Ministers and civil servants has been profound. A lot of the changes we have had—the extension to structural funds, the change now with EU nationals being able to vote and a plethora of other things—have come in the last year. As Brexit seemed to become very real in terms of getting down to the wire, our constant conversation with the Government to say the vast majority of laws from the EU are enacted by local government and by the staff of local government and that we had a role to play has been recognised. In the last 12 months there has been a real game change by national Government in our access to ministries.

**Q158 Julia Lopez:** My actual question was this: what mechanism should be in place to facilitate consultation with local government on trade policy objectives?

**Councillor Bentley:** We now have dialogue with the Department for International Trade. It came from a conference, which I attended along with officer colleagues from the LGA, and us writing to DIT. My personal recollection is that there may not have been a full understanding of what local government does on international trade already. As I have mentioned, we could send you other case studies by the bucket load. Suddenly it was realised that not all international trade is handled by Government and that it is handled by many different sorts of people. While rules and regulations have to come from the sovereign Parliament, clearly the way they are enacted and dealt with needs to be done on a much more local basis.

As a result of that we are now having meetings with the Department for International Trade—admittedly it is with senior civil servants. I am hoping that will be ongoing. I do not think this is just a dialogue until exit day. I hope this is an ongoing dialogue, and certainly I would be pushing for Ministers' successors, civil service successors, and indeed my successors to carry on this conversation. As I said before, this is a partnership. Not one person runs the trade in this country. We collectively run the trade in this country and that very much involves local government.

**Councillor Atkins:** The Midlands Engine has had 20 trade missions funded by the Department. There was a debate in the board about whether we put an open invite out or whether we specifically targeted certain areas. We have specifically targeted certain areas when trade missions have gone to various parts of the world, more as a showcase and to say, "Here is what we have". We also found that various firms have officers out in different countries so if you want someone as a representative of an industry they already have somebody in place who can help with the trade mission itself. There has been a good mix of SMEs but I think SMEs are a little bit suspicious, "What's in it for me and why should I go to Shanghai or Beijing?"



Q159 **Julia Lopez:** Have there been material outcomes from those missions?

**Councillor Atkins:** I am certain Midlands Engine will have the facts somewhere. I have not seen them yet but they will be something like, "We have managed to sell X, Y and X on that trade mission or made contacts".

Some of it is about manufacturing abroad as well and selling specific high-value parts.

**Chair:** Dr Strange, do you have any view on these mechanisms that should be in place?

**Dr Strange:** Just to highlight a couple of the points that have been mentioned already. One of them, of course, is this question of access and the extent to which trade policy can be seen as an aggregation of different interests. Part of the role of local government, as we hear, is also collecting the interests from different businesses, other societal actors and so on.

One of the points Councillor Bentley mentioned, which I would like to highlight a little bit more, is this issue of technical capacity building as well. That is something we should not underestimate. It is not that we do not have excellent people working at the local level, of course we do. We have very many excellent civil servants and politicians here. However, it is a massive challenge to be able to understand both trade politics and trade law. They are not just a language but they are an advanced multicultural civilisation in their own right that previously you have described as "geekies". It is incredibly complex. Therefore it is very important to recognise the role local government has to play in making sure that local businesses and SMEs are aware of what the potential is.

From an academic point of view you could take some ideas on how to do this from the way developing countries have been brought in to take a greater role in bodies like the World Trade Organisation. There are a number of case studies looking at the role of particularly countries like Brazil, India and also developing countries like Bangladesh in the way they have tried to engage in these very complex processes. Part of that has been through making sure they have lawyers who are seconded to, in this case, Geneva and who have experience in understanding how these processes work. There are existing mechanisms, obviously from a different level, which we can utilise in local government. However, as Councillor Bentley said, these things take resources as well.

Q160 **Chair:** Just a quick data point, what was the cost of Staffordshire's motorway junction?

**Councillor Atkins:** The i54 was £44 million.

Q161 **Faisal Rashid:** This is a question for Kevin and Phil really about local government input to the trade policy while it was developing at the EU level.



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**Councillor Bentley:** It probably will be done through the European Committee of the Regions, which is at the EU level. I have just become a member of that, temporarily.

**Councillor Atkins:** Until next March.

**Councillor Bentley:** It is the shortest job I have probably ever had. Input will be done at the EU level here.

If I could extend the question slightly, I mentioned ongoing meetings. The one point I would be making to the Department for International Trade is that we should set up a form of delivery board—as we have currently with MHCLG to deal with a lot of the technical work—as an ongoing board in the future so local government can input into any trade legislation in the future as well. I think that needs business representation, not just local authorities but business too. That is a cohesive way of doing a trade policy for the future.

Q162 **Faisal Rashid:** Is it through the LGA or would it be local government itself? Obviously there are a number of local governments in the whole country. How would you have that board, one representative from each council?

**Councillor Bentley:** I think the LGA would say it is local government itself anyway. If you like, it is the registered trade body association so it would be through that. Not forgetting, of course, the Welsh LGA, the Northern Irish LGA and the Scottish Convention, COSLA, as well. All of those would have an input into this. That needs to be UK-wide as well, representatives from those local authorities with business. It would not need to be a vast board but certainly those organisations represent the voice of local government. It is not one-size-fits-all, there are differences, but those differences across the country geographically could be fed through those trade bodies and through those organisations into that.

Whatever form that looks like in the future, you have certainly heard a view from me and a Minister may have a different view, it has to happen in my opinion because that is the way you have a cohesive trade policy going forward.

Q163 **Faisal Rashid:** That is fine, through LGA there would be representation. How can the representation of each council have an input within the LGA so that voice can be heard at the DIT level? For example, Warrington is my town. How can they—

**Councillor Bentley:** The LGA, of course, has representatives sent from local government to the LGA and we have our own internal structures to make sure voices are heard. Tomorrow I am talking to one of our boards, which is doing a large piece of post-Brexit work. Representatives from those local authorities, or indeed those regions, would sit on those boards and feed the information through. They are very cohesive in how they operate. Therefore if I went it would not be the view of Kevin Bentley, it would be the view of the LGA, from a collective source.



**Faisal Rashid:** Do you agree, Phil?

**Councillor Atkins:** Yes, I agree with that. It is appropriate decisions at appropriate levels with appropriate involvement. As Vice Chairman of the County Councils Network we have been doing a lot of lobbying on different things. I know from experience trying to get 33 authorities with one coherent voice is very difficult. I might get 25 with eight saying, "Hang on a minute, it is not quite right for us" but they may agree to keep silent because it is not negative on them and we will come to a consensus.

There are different ways for local authorities to work. As a county council we work nationally through the County Councils Network and through the Local Government Association. We work across the Midlands Engine. I represent a certain part of the Midlands. I go and talk to the cities, the shires and the districts as well. Then there might be another level locally where we work in local partnerships and try to get things done.

I have to say occasionally you do get complications where people want to be in two organisations at the same time, which is like riding two horses. I am talking about dual membership, which the Government is bringing to an end fairly soon. It is like going round the Grand National twice. You have to jump Becher's twice to do the same thing with at least two masters. There is a better way of working with your neighbours as well. You can sit down—I wave my hands about and I apologise for that—and you have five priorities. You probably match on three and are not bothered on the others or you can help them from time to time. You concentrate your efforts on those three things that you really want to see done together and ignore the others.

Q164 **Matt Western:** Councillor Bentley, I think you said one of the big concerns for the Local Government Association is that for any future trade agreements in getting a better deal, going beyond the status quo, should not be at any detriment to the provision of local services. Can you elaborate on that? It was something I was very concerned about when I was a county councillor in Warwickshire.

**Councillor Bentley:** I think what you are asking is in terms of the service we provide at ports and elsewhere, through environmental health issues, food hygiene standards and all these matters that, of course, are dealt with under EU regulation and will be transferred back. If it is just transferred back and left as it is that is fine. If it is not and there are changes that will have an effect on the way we operate. It is clear there will be new training required, new regulations will come out and our highly-qualified staff will need to learn that very quickly and be retrained in that. What I have asked for from Government is clarity upon that. What I suspect, this is me speaking, is it will be transferred and left as it is for the moment because who has the time to deal with all of that very quickly. Over a period of time, going forward, when the UK sets those standards and those terms, it is whether they will dramatically change and, if they do, what the requirements are on local government.



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As I mentioned before, a large amount of EU laws are enacted by local government. We have to make sure our people are trained correctly to the standards of what the UK is going to set and if that changes, what that is going to be to. If there are resourcing implications the Government is going to need to help us with that because we do not have a lot of extra resources at the moment, as we all know, and we cannot put burdens on local government because we are making changes in Whitehall.

**Q165 Matt Western:** Do you have any concern about investment as well or do you see it only as an opportunity?

**Councillor Bentley:** Investment as in?

**Matt Western:** Investment in the provision of local services as part of these deals, asset purchase and so on.

**Councillor Bentley:** There are always opportunities if you want to go and look for them. There is no greater form of adaption to changing circumstances than local government. We have done our part in austerity, as recognised by the Government. We have changed and adapted in many areas and we will continue to do so because we are flexible as local government. Of course, we are the closest form of government to the people and therefore we have to make sure we are fulfilling not only our statutory requirements but what the local people want us to do in their own areas as well.

Yes, there is an opportunity for investment, providing we are not too hamstrung by any national regulations. Clearly we want to make sure people fit within the roles across the country. We cannot disadvantage different parts of the country, everyone has to operate under the same rules. As long as there is flexibility then we can provide investment and work with other organisations to bring that investment in as well.

**Q166 Matt Western:** Mr Atkins, if I can just come to you, what opportunities do you see for local government with the UK driving its own independent trade agreements?

**Councillor Atkins:** There are probably three areas because you cannot concentrate on more than three at any one time. One is the skills agenda. There is definitely a role for local authorities to bring together business, colleges, universities and schools—I have been doing a little bit of thought about it lately—in local industry advisory bodies. Everybody says it is somebody else and, “We are doing the LEP bit or whatever it may be through an apprentice levy” or whatever. There are opportunities there to make sure people have the skills the new industries that are coming along need.

There is certainly a role in whatever comes out in the UK Shared Prosperity Fund. I am on the National Growth Board. There are whole chunks of EU funding that nobody knows about that put a little bit into a complex project. It may be out of section 106, a bit of CIL, a bit of





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council money and then there is a little bit of EU money at the top that just gets it over the fence.

Q167 **Chair:** Was there EU money in the £44 million motorway junction?

**Councillor Atkins:** No, we tried.

Q168 **Chair:** It was entirely funded by Staffordshire?

**Councillor Atkins:** It was entirely funded by Wolverhampton City Council and Staffordshire County Council, a met and a county. The district council gave the business rates to pay it off in an enterprise zone with two LEPs. It was a real partnership thing.

**Chair:** This motorway junction is fascinating.

**Councillor Atkins:** Can I finish off about the trading standards?

Q169 **Mr Ranil Jayawardena:** I would like to ask about the payback period.

**Councillor Atkins:** It was 25 years and then because it went into an enterprise zone they got the whole money back—

**Chair:** That is fine, 25 years will do him.

**Councillor Atkins:** —then it is 10.

**Mr Ranil Jayawardena:** Ten, excellent.

**Councillor Atkins:** That is nearly paid back.

Trading standards and regulation is an unsung part of county councils, district councils and environmental health officers' work. There is an amount of counterfeit cigarettes and a whole host of things that are there. We want a light touch on regulation. Let us not gold plate it like we normally do. Every animal—even sheep and cattle—has an individual number for when they go through the processing part. There are all sorts of things that technology can help with a great deal. They also have to have people who help industry understand the rules and regulations. If you have massive changes, as we have now—we seem to have an EU directive coming in great big piles every week—somebody to go through those, understand it and translate it into a manageable way of doing it.

Q170 **Matt Western:** To be clear, are you saying you need more resource for this enforcement?

**Councillor Bentley:** It depends on regulatory change.

**Councillor Atkins:** It depends on regulation change.

Q171 **Chair:** Dr Strange, can you give us an overview of what trends your research has found in local government involvement in trade policy in the UK and maybe more widely, and what direction you think this involvement is going?



**Dr Strange:** Our main focus has been on collaboration between local government and social movement organisations. In the European context we have had several hundred municipalities that have signed motions, usually through collaboration with different NGOs. In extreme cases they have also declared themselves as a free zone. For example, in the case of the TTIP campaign you had municipalities that declared they were a TTIP-free zone and in some cases this would also appear on road signs when you enter those areas.

**Chair:** I think we know of a councillor who was once in Warwickshire who had a particular view on TTIP.

**Matt Western:** There was a councillor, yes.

**Dr Strange:** You have had this in the UK with around about 36 councils having signed these motions. That is comparatively few in the European context.

Q172 **Matt Western:** How many in Sweden?

**Dr Strange:** None. The Swedish case is in a very different context and it is one of the puzzles we are looking into and have not been able to answer yet.

What is interesting is the extent to which it is largely a symbolic act and why municipalities and local governments do this. One thing you can see is that it is a way of trying to express a voice. The usual issues are many of the issues we have already heard. It has to do largely with a concern that this trade deal potentially undermines their capacity to provide certain public services and their autonomy over certain decision-making processes. It is something we can see that has increased since the early 2000s.

Q173 **Chair:** Do you think it is purely done for symbolism, or are they trying to push further beyond their current powers?

**Dr Strange:** I think it goes beyond that but this also has something to do with how you understand politics and how democracy functions. A lot of the discussion we have had so far has been an understanding of democracy in terms of representation, which is part of democracy. Democracy is also about people feeling they are part of society, whether that is by the private or the public sectors does not necessarily matter.

In the case of trade policy, particularly where trade policy is covering so many aspects that go beyond the less politically controversial aspects, it is a problem if the public and local government become increasingly alienated from these processes. It is not necessarily about making the public support these policies but at least understanding the process. It is one thing to talk about how we have local government that can, through the LGA and other bodies, have those positions represented to the national level. However, it is also important to think that this is a two-way relationship with the way in which the public, and also specialised



public, become socialised and aware of trade—otherwise you cut down the space for debate, so there is little time for the public to engage in more than just knee-jerk reactions—if you want them to have an informed discussion, which is necessary for the national and the local level, to have as much space as possible in terms of policy options.

Q174 **Faisal Rashid:** If local government has a role in negotiations itself, how practical is that or how would you react?

**Councillor Bentley:** I would like to think we are doing that now through the taskforce that I chair and our regular meetings with the Government. We have a meeting once every two or three months, times can vary depending on the urgency of things. We meet later this month. Therefore we are already negotiating from that point of view and we have had some concessions back from Government. I mentioned EU nationals being able to vote and stand in elections, the extension of structural funds and there are others too. That is already taking place. The LGA is well placed, as are the other three national organisations, to send representatives both at the political level and at the officer level to take part in those negotiations going forward. I strongly urge the Government to do that, particularly on trade. As I mentioned before, trade is not set by one group of people, it is set by many.

Q175 **Faisal Rashid:** You are directly involved in negotiations in trade deals, is that what you are saying?

**Councillor Bentley:** No, the taskforce is to do with other issues. We are now talking to the DIT. I will be asking them to set up future sessions where we can have input into future trade regulation. At the moment my understanding is everything will be transferred back as it is and therefore we will operate under those rules. No doubt as time goes on, and as trade deals are put together with different countries, those laws and regulations will change. It would be good for Government to have a view from local government as part of that negotiation with other countries.

Q176 **Faisal Rashid:** Still the negotiations will be done at the DIT level. What I am saying is if that comes to the local government level and you have a proper negotiation role, how would that work in practice?

**Councillor Atkins:** It is quite complex. Somebody may express an interest in re-siting a factory in the UK. They are probably looking at 17 or 100 sites around the world, going through a sifting process and it will get down to two or three. They will be in talks with Government or whoever. You may also be in talks with them locally because they will have little glitches like infrastructure—how do they get in and out of the factory, it needs good connectivity to the motorway system and trains—the sort of facilities you have if they are bringing a workforce in, “Where can we stay in a hotel?” and if it is a local skilled-workforce, “How can we retrain them? How can we skill other people up?” The beauty of local government is that with the general power of competence regulations we can do certain things to help them. I can think of one where we have a



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waste-to-energy plant and we have been selling electric into the grid at a price. We could get a better price as local authority selling it into a factory on a site next door and that was a lot cheaper than they would be paying the national grid. That is good for them and good for us.

Post-Brexit there could be less state aid rules, there could be less adverts in the Official Journal of the EU on procurement. There is a whole host of things that get in the way of doing trade deals at a local level. If the I54 junction had been built by the Department for Transport—it would not have been because it did not hit the priorities—it would have cost £52 million and not £44 million.

Q177 **Faisal Rashid:** What you are saying is that in practice it can work. Obviously it depends on a number of things.

**Councillor Atkins:** Yes, and people can express interest and it comes to nothing.

Q178 **Faisal Rashid:** At the local level you might need more resource to accommodate and facilitate those things.

**Councillor Atkins:** That is right, or that it be recognised. There are things at the moment that we did in the old regional development agencies and things like that, which we have had to take on as shire counties and other bodies, combined authorities and the like. You need a certain size to be able to do that.

Q179 **Chair:** Would you want the Government to give you a formal role in consultation? What papers should they make available to you as well?

**Councillor Bentley:** In my view, yes, because through the mechanisms I have described I think there is a formal consultation role.

Q180 **Chair:** Statutory?

**Councillor Bentley:** I think so. At the moment the Committee of the Regions has direct input into EU legislation, as I have mentioned. There is no mechanism currently for that to happen in the UK once powers are repatriated back to the United Kingdom Government, apart from the delivery board I mentioned. That is why I am pushing hard that we should have a statutory role in those negotiations and we should form part of that as well.

**Councillor Atkins:** That will stop the unintended consequences of some actions. The role that local government in those representations can have is, "You do realise if you do that this will happen".

**Councillor Bentley:** Yes, absolutely right.

Q181 **Chair:** Leading on from that, Philip Atkins, some evidence in the inquiry suggested local government could play an important role in producing impact assessments related to trade deals. Would you like to have that role or be involved in producing impact assessments?



**Councillor Atkins:** I am a big believer in community impact assessments. I have some officers that hate them but the beauty of community impact assessments is that if there is something that is negative then they have to put in something that will alleviate that issue, "What are you going to do to stop that happening at a local level?"

Q182 **Chair:** On the communications front, should documents be made available, should draft text be made available as the trade deals are developing?

**Councillor Bentley:** From my point of view, absolutely. Of course, we talked about resourcing. Some of the resourcing could be seconding civil servants out of Whitehall and into local government.

**Councillor Atkins:** One of things you also find at a local level is when you are dealing very locally with an industry you do have to realise there are commercial sensitivities, they will not want their competitors to know about things. When I54 was happening, Jaguar Land Rover did not want us to talk to anybody about what was happening. I had to sign so many non-disclosure agreements it was quite strange. For the decision to do the motorway junction Roger Lawrence from Wolverhampton and myself took about 30 seconds to decide—he will probably say, "That long?"—this was the right thing to do for our local economies.

Q183 **Chair:** Not to create an impact assessment then?

**Councillor Atkins:** Not on that one.

Q184 **Chair:** A final question for today's session, yesterday we took evidence from the UK's ambassador to the WTO in Geneva about the UK's accession to the Government procurement agreement. You might know there have been difficulties with that with Moldova, the United States and another dozen or so countries. The LGA has welcomed the UK's continued membership of the agreement. Why is agreement important to you and what would the impact be of the UK not joining this agreement as an independent party in time for Brexit?

**Councillor Bentley:** It is about choice, isn't it? It is about the ability to be able to operate at every level across the globe. We think our involvement in that will be hugely important. It gives us flexibility as well. It does not stop us doing individual trades and I think it is very important that goes on. Certainly we would welcome that and I hope that is going to happen.

**Chair:** Thank you very much. Can I thank you, panel, for your attendance here this morning? It has been very useful for our inquiry and the evidence you have given is very useful also. Thank you all.