

International Trade

Oral evidence: UK trade policy transparency and scrutiny, HC 1043

Wednesday 28 November 2018

Ordered by the House of Commons to be published on 28 November 2018.

[Watch the meeting](#)

Members present: Angus Brendan MacNeil (Chair); Mr Nigel Evans; Mr Ranil Jayawardena; Mr Chris Leslie; Julia Lopez; Faisal Rashid; Matt Western

Questions 226 - 248

Witnesses

I: George Hollingbery MP, Minister of State for Trade Policy, Department for International Trade.

Examination of witness

Witness: George Hollingbery MP.

Q226 **Chair:** We can dispense with the formal introductions. We have your name, rank and serial number from the last time. Thank you again for making yourself available for not one, but two panels. It is appreciated. You have committed to ensuring that parliamentary scrutiny and engagement is inclusive, meaningful and transparent. Looking at state policy on transparency and scrutiny, what specific proposals do you have to ensure that this is the case?

George Hollingbery: The Secretary of State and I mean it when we say we want to be transparent. We have looked at the experience of the EU in TTIP and reached the conclusion that we have to anticipate problems of that sort early on. The best way to do that is to be transparent so people know what we are doing at every stage.

Q227 **Chair:** The EU has looked at that process, as we heard last week, and making it a lot more transparent. Is it the UK's aim to match what the EU are now doing or go beyond that?

George Hollingbery: No, it is absolutely not to do so, nor match anybody else's system. Our system will evolve over time and we will reach articulations and we will make decisions at that point. We are starting off on this. We have a long way to go but our intention is, as far as it is possible to be transparent, without threatening the negotiations, we will be transparent.

We have not exactly settled on how we are going to do this, but if I may take the Committee through exactly where we are in this for the moment. You will have read the July statement; you understand what the Secretary of State said in that.

I do not know if you are going to come on to the consultation at any stage but we have had an astonishing number of returns on the consultation. If you want me to cover that further please ask me to do so.

Q228 **Chair:** I might well leave time. The big question that was hanging last week was: this taking back control exercise that is Brexit, will the Parliament of the United Kingdom have as much scrutiny and transparency and matters available that the European Parliament will have, that we have left? Later today we will hear from a member of the European Parliament, in her third panel of a busy day for her.

George Hollingbery: The honest truth on that is what I have just said. We are not absolutely resolved yet where we sit on precise detail here. What I can observe about the European Union is that it is a different legal entity. It operates in a different way. It has different sets of incentives. There is clearly a unique structure about how it governs itself. I do not think we can draw any particular lessons about the Parliament in Europe



HOUSE OF COMMONS

without looking at the Commission and all the other parts of the apparatus.

Q229 **Chair:** The current United Kingdom might be in a trade negotiation with the European Union at some point in the future. Members of Parliament here—from Conservative, Labour, whatever—might find more information out by going to the European Union Parliament than the Parliament they are sitting in.

George Hollingbery: I do not quite understand.

Chair: If the European Union is more transparent with the trade negotiations with the United Kingdom, Members of Parliament of the United Kingdom may find out more from the European Union about the negotiation than they are going to find from the United Kingdom.

George Hollingbery: I would suggest to you that what has already been published is a detailed outline.

Chair: But is that a possibility?

George Hollingbery: I do not know, because by definition because we will be doing a trade agreement with somebody else who is not the European Union.

Chair: But if we were.

George Hollingbery: The European Union Parliament will not have more details on an FTA we are negotiating with, say, Australia than we do, so no.

Chair: No, but if it is a UK-EU agreement.

George Hollingbery: I am saying to you now that a UK-EU agreement is currently under negotiation. There are vast amounts of information in the public domain because it is regarded as very important.

One of the reasons we are not having a fully firm view on this is the EU negotiation is a particular case in point. There are motivations and reasons why. There are enormous amounts of information open upon this because effectively we are trying to unpick rather than pick. Likewise, if we are talking about CPTPP, we know what it is we are joining. There is hardly any point in going through vast processes of transparency when the agreement is sat there in front of you anyway. All that is to be negotiated are the bits that we may or may not do and hopefully that will be as few things as possible because accession to CPTPP will be a lot easier if we do not attempt to achieve any unreasonable carveouts. For a negotiation with the United States, plainly it is different.

There are lots of different models out there. There are lots of different places, for example, the Australia and New Zealand model is very similar to ours. There is no more ambitious trading nation than New Zealand in terms of its adaptive FTAs it wishes to sign. The system there works perfectly well for them. I can equally say to you: why would we not just



HOUSE OF COMMONS

replicate the New Zealand system? We are not going to do that either. We are going to learn by experience. We are going to see what we do at various stages. We are going to share where we can. We are going to make sure that Parliament is informed and Parliament has its input. At every stage of the negotiation we are in a position, perhaps after each round of negotiation, for example, to bring a report—perhaps to this Committee—we will be doing that.

Q230 Mr Nigel Evans: Of course we will not be able to import New Zealand champagne and Theresa May's proposal is we will not.

George Hollingbery: Brilliant.

Mr Nigel Evans: Absolutely.

George Hollingbery: If you say so.

Mr Nigel Evans: Because of the signing about the geographical indicators, we just simply will not do it. That is one thing we have given away. Are you at all concerned about the backstop as far as doing trade deals are concerned? The French have said that they want to use it as leverage on fishing and Spain on Gibraltar. Are you not concerned that we will be kept in a backstop, which means you cannot do the trade deals that you are planning and working on?

George Hollingbery: I had understood this inquiry was about the transparency of trade and how the Government would approach that, so I am not entirely sure I see—that is a question for DExEU. I already made my opinion on this clear in the last session, and I would refer members to my remarks then.

Mr Nigel Evans: So you have no concerns. That is nice.

George Hollingbery: That is plainly not what I said.

Q231 Mr Nigel Evans: You have mentioned you are going to publish some outline as to the scope of the trade deals that you want to do, the ambitiousness of them and what you want to achieve. Do you see any role for Parliament at all in the formulation of the outline approach that you are going to have?

George Hollingbery: There are numbers of ways Parliaments can have an input, and plainly this Committee has written a very detailed analysis of what they believe should be attainable and otherwise from a US-UK trade deal. That is an absolutely classic example of Parliament having its say in shaping our future negotiations. That document has been taken in hand by the Department. It has been read very seriously and its recommendations have been looked at. Whether they are all adopted is another matter. That is Parliament doing exactly what it should do, this Committee gripping the issue and giving advice to the Department.

We have had this very wide consultation. Of course it is entirely up to parliamentarians individually, APPGs and so on, to contribute to that



HOUSE OF COMMONS

consultation. In the end, this is a matter for the Government, but I would be misleading you if I said that I did not think input from Parliament is extremely important by any manner in which it comes forward.

We have an ambition to allow Parliament to debate the outline approach that has been taken by Cabinet. It would be fair to say at that stage the outline will be set, so at a Cabinet level, which is a reflection of the Government of the day. All the information received from the consultations will be taken in. All the inputs from bodies such as yourselves, from business and so on, will be shaped into our outline approach. Then detailed negotiating mandate itself will flow from that and will be approved by subcommittees of Cabinet.

Q232 Mr Nigel Evans: Will you be content if Parliament had a debate and a vote on the mandate?

George Hollingbery: I do not think it can be right and the constitutional settlement that we have, that Parliament should be given a binding vote on whether or not the mandate is as it should be, that is not how we have done things up to this point. I personally do not believe that is right. But I do believe that Parliament should be able to opine upon the outline approach. As I have already outlined, it is our intention to provide an opportunity for that to happen.

Q233 Mr Nigel Evans: Are those draft proposals coming before this Committee so that we can then perhaps have an input before the final mandate is published?

George Hollingbery: There is a role for the Committee to receive the reports on any stage negotiations or when the Government wish to report back. As to a further role of the Committee or Parliament in closer scrutiny of the actual negotiating mandates, we have not absolutely decided whether to or not engage in that. If we do engage on it, quite how we do it. But you can be sure that it is a matter that we are considering.

Mr Nigel Evans: I am glad to hear the reports are being treated seriously within the Department. So serious, you have managed to poach a former clerk.

George Hollingbery: That is how good they work.

I am very sorry, Mr Chairman, just to interject, I forgot to say something very important to Mr Evans. At the end of any free trade agreement, Parliament does have some control. The crack process now codified—sorry, I do not know if that was going to be the question you were going to ask.

Q234 Mr Ranil Jayawardena: You are anticipating my question. To be clear, Parliament can already indefinitely deny ratification of a trade deal. In that respect, new mechanisms are not necessary in order to stop a deal from taking place but would you be minded to give Parliament a vote



HOUSE OF COMMONS

anyway on legally stopping a trade deal if it was not happening?

George Hollingbery: It would be disingenuous of me to agree absolutely that Parliament can indefinitely delay. Yes, theoretically it can but it would have stay organised for quite a long time. Not absolutely definitely, but very probably, will have a legal way of blocking any future trade deal because it is almost certain that any trade deal that is sufficiently contentious for Parliament to wish to block will require primary legislation to enact it. That, Parliament can certainly do, in which case it will make the free trade deal inoperable from our end and that clearly would be a problem.

I do not think on that basis it is absolutely necessary for Parliament to have a binding vote. It would be a huge constitutional change.

Q235 **Mr Ranil Jayawardena:** Would you agree that a parliamentary vote of some kind could strengthen the UK's position and make it a more powerful negotiator in order to make sure that red lines are not crossed in securing deals with other countries?

George Hollingbery: I can see the argument. If Parliament has said that the final negotiated text is something they approve of, whether they are allowed to stop it or not, then it clearly incentivises the Government to bring forward a deal that they believe will satisfy Parliament.

Q236 **Mr Ranil Jayawardena:** What assessment have you made of the danger of fake news in respect of trade deals? Clearly, with TTIP there was a lot of fake news out there that was driving politicians across Europe against a deal that can do a lot of good. What assessment have you made of how that can be combated?

George Hollingbery: The competing forces there are organisation who quite properly believe to their own logical satisfaction that trade is bad and disadvantages certain groups more than others or advantages some groups more than others, and that trade is not necessarily a good thing for any manner of reasons. It could be climate change. It could be poverty reduction. It could be all sorts of things.

I believe that they are mostly misinterpreting the data or have a political purview they bring to that without necessarily looking too carefully at the real outputs and the real reduction in poverty. You cannot deny that that mood is out there. You cannot deny that some of the conclusions reached about disparity and about diversity in outcome are rational. Before we go much further, I have asked to meet with those groups particularly to understand their positions.

But what they showed us during the TTIP issues, that they are extremely nimble on their feet. They are very good at publicity and at politics; small "p" politics. Anything we can do to be more transparent upfront to make sure that those potential issues are dealt with early, dealt with publicly, and we show very clearly how we are going to deal with them and why they are not an issue, has to help our cause. That does not mean that we



HOUSE OF COMMONS

will anticipate everything. That does not mean that we were not faced with the same sort of opposition we faced before. But we believe that the approach we have taken, particularly on consultation thus far, has shown that there is a real issue to deal with.

Q237 Mr Ranil Jayawardena: In this respect, you see transparency as being the solution to tackle the fake news, rather than being an opportunity for those pedlars of fake news to continue their agenda?

George Hollingbery: I see our openness to comments to being able to say as much as we can, whenever we can, on direction of travel, on potentially difficult issues, is a way in which we can help deal with this. I do not pretend it is the whole solution. A wide range of engagement is necessary as well.

Q238 Chair: Last week we heard that parliamentary debate was a thing you have agreed would be a good idea. It would be useful for negotiators to see what Parliament is, to get as wide a buy-in as possible so we do not have problems at the end. You are in a position at the moment where simultaneously inventing the mechanisms while hoping to be using the mechanisms. There is a temptation in that—I would maybe suggest to you gently—that you will invent mechanisms that are useful to yourself at that point in time.

One of our Labour members in the past has asked us, “Do you imagine a scenario where we have Jeremy Corbyn Prime Minister and Len McCluskey as president of the Board of Trade. When you are inventing these processes, do you stress test them in other ways for other scenarios when you are not there or your political comrades are not there? I think you get the point I am driving at. What cognisance are you giving to that possibility of change in the future? It could be in a few months’ time, for all we know.

George Hollingbery: Indeed. Do not get me wrong, I would not expect that somebody coming in from the current flavour of the Labour Party we have, we do things the same way we do them at all. I do not suppose any of the mechanisms we are creating are going to be used if the Government does change. I am not trying to anticipate what other Governments might want to do. What I am trying to do—along with huge input from the staff and other sources—is to come to a conclusion about a system that allows us to be as transparent as possible, at as many stages as possible, without disadvantaging the negotiations we are entering into. There are arguments to be had about this internally and externally.

Chair: I just put that out there to make sure the political collapse is not jumped into.

Q239 Matt Western: You were talking about some sort of Trade Committee perhaps. We have had it suggested that there should be some form of Committee, whether it be this Committee with additional powers or a wholly new Committee to oversee the negotiations or to scrutinise the



HOUSE OF COMMONS

process and the different steps in each negotiation. Given this Committee here, and the way we work, do you favour it being part of this Committee's responsibility or a wholly new Committee? Which would you pick?

George Hollingbery: I know exactly the sort of proposals that you refer to. Clearly, we have discussed them. I have no fixed view at the moment. We are still looking very carefully at where we would refer reports to during the progress of any free trade agreement. The outline that the Secretary of State gave to the Department in July does not include that proposition. It includes revealing reports or making reports to Parliament, probably through the International Trade Committee or another body. It does not specifically say that there would be a body to monitor the progress of free trade agreements.

As I said to the Committee a little earlier, we are not fixed in how we view transparency and how we view the cost of consulting Parliament. If I may leave it there for now, I will.

Q240 **Julia Lopez:** A continuation of that. It has been clear this morning that we have not been able to scrutinise very closely the rolling-over process. You have explained that that is because it is difficult negotiations. I have respect for that point of view. But that means that as a Committee, too often we can only look at trade in an academic sense but not get a real feel for the practical politics of what happens in a trade negotiation and what kinds of trade-offs you have to make. Do you think there is room for a Committee that meets in private, similar to the Intelligence and Security Committee? Do you think there could be a role for a Committee of that kind where you can have a look at the documents in private? You can have a very open discussion with the Ministers about what is going on so you have some learning about the reality of political trade negotiations.

George Hollingbery: Mr Western will look at me and say, "He is about to give the same answer he just gave." I absolutely understand what you are saying and what Mr Western said as well. Clearly, there is something there to be discussed. It is being discussed. I do not pretend that there is any resolution on this issue at all, nor indeed that it will come out in any particular way. But I can tell you, it is a discussion that has been had.

Q241 **Julia Lopez:** On the issue of transparency, we understand that your Department is the worst for responding late to freedom of information requests without acceptable reasons. Is there a reason for that and what you can do to assure us that you are truly committed to transparency when you have this kind of record and there are many things that we, as a Committee, have not been able to look at with a scrutinising eye?

George Hollingbery: I was unaware of that. I take that very seriously. I assure you I will go away and find out what is going on. That does not please me.

Chair: Will you write to the Committee with—



HOUSE OF COMMONS

George Hollingbery: I will, as far as I am able. I will not make an absolute commitment to give full information. There may be good reasons, which are not to be shared with the Committee, but as far as I am able, I will write to you about what we think is happening there and why.

Q242 **Matt Western:** What steps are you taking to restore public confidence in trade policy making, given there has been a significant backlash in recent years in certain trade negotiations? We are at that point right now in what has been happening with our relations in Europe. A real discontent.

George Hollingbery: I have talked about the enormous numbers who have come back to us on the consultation, and I do not know if the Committee is aware of those numbers. But we have had 600,000 returns on the consultation. Do not get too excited. Some 145,000 on each of the four were essentially the same response from campaigns being run by 38 Degrees and others. If I strip those out, and I tell you that the EU got 125 on its original consultation on TTIP, we had what I would call granular responses of 6,500 on the US, 400 on CPTPP, 350 on New Zealand and 300 on Australia. That says to me that at least one thing we have managed to do is stimulate some interest from third parties.

I am very clear, one of the people I met first in my job was—I was told there was going to be a protest outside the Scottish Parliament as I turned up as the Trade Minister and I said, “In that case, who is running it?” “Trade Justice Scotland” so I said, “I want to see them.” They came to the Scotland office buildings and I met. We had a very useful conversation where I began to understand more about what their objections were and I was able to make our case in reverse about reduction in poverty but understanding the inequalities and so on. I am absolutely intent that we do more of that.

Do I think that we are going to overturn probably 10 or 20 years’ worth of growing cynicism about trade in general and its effect on developing countries? I do not. The Labour Front Bench has amendments down to the Trade Bill on this issue. I believe there is more we can do. There is more engagement we can make happen. But I do not think we are going to make it go away. It will remain a difficulty for us, but it is one of the reasons we want to be so transparent so we can try to anticipate the difficulties.

Q243 **Chair:** We have heard quite a lot in the way Canada have learnt from the trade experience, they have involved provinces and territories and have a good buy-in from everybody that possibly can who will be affected by the trade agreements. When we had Ivan McKee, the Scottish Trade Minister here, he told us that the involvement of devolved administrations in trade policy was inadequate and that your Department’s statements on how they would be involved in TTIP were quite vague. With that in mind, what role do you think the devolved administrations have or will have on what part of the thinking, or are they just a pesky nuisance for the Department of International Trade?



HOUSE OF COMMONS

George Hollingbery: Good Lord, what an extraordinary thing to say. Absolutely not. They are an incredibly important part of the structure of the country.

Chair: How important are they?

George Hollingbery: Let us be clear; Mr McKee came to your Committee and said they had had little or no engagement?

Chair: He said they were inadequate.

George Hollingbery: I suspect that is much the same thing. Let me tell you what the engagement has been and you will have to make a judgment as to whether it has been inadequate.

In the five months, of which a month and a half was recess, I have been to Scotland twice, and I have met Mr McKee on both occasions. I visited Wales twice and I have met my Welsh counterpart in London. I have given evidence to both the Welsh and Scottish Select Committees on this subject. There are official meetings monthly at policy roundtables on this subject. Direct meetings between individual policy teams and counterparts occur on a regular basis in the devolved administrations and there are six-weekly senior officials' groups to allow for senior level discussion of issues that arise. I also have a regular four to six-weekly call with my counterparts in the definitive administrations.

As far as I am concerned, there is a genuine and real uptake in the amount of engagement we are having. That begs the question, engagement is all well and fine but you have not answered the question: how deeply should the devolved administrations be involved in the negotiation of the free trade agreements? I am about to tell you.

Q244 **Chair:** Engagement can run one way. We remember the Secretary of State for Scotland saying that the power grab was happening because the Scottish Government could not agree with Westminster. It takes two to form an agreement. Sometimes you can be giving rather than listening.

George Hollingbery: I am about to tell you exactly where we are going on this issue.

Chair: And we will listen.

George Hollingbery: You will know that there is already an existing memorandum of understanding around the Concordat about how we deal with certain issues with the Scottish and the Welsh Governments, and Northern Irish if it was there to be engaged with. I had a conversation last night with the Secretary of State about the approach we are going to take on free trade agreements with the devolved administrations. We did not quite conclude our conversation across all of the areas we are going to talk with the Scottish and Welsh Governments about but will do so again on Thursday. The first round of the Concordat—and I know the Honourable gentleman will be very familiar with what I mean by the Concordat and certainly the Scottish Government will because I have had



HOUSE OF COMMONS

endless conversations with them about it, and with the Welsh too—we will be able to make the first proper progress with an agreed position within the UK Government next week.

At the end of that, there will be absolute certainty on both sides as to how much input is mandated for the devolved administrations to be able to give at what stages.

Q245 Chair: Will you receive an agreement from both sides or will you be imposing agreement?

George Hollingbery: We will of course seek agreement.

Chair: If you do not have agreement?

George Hollingbery: As long as there is an understanding that trade policy and the negotiation of free trade agreements is not a devolved matter and that it sits with the UK Government, then I am absolutely convinced that we will reach agreement on the Concordat. That we will make reasonable and sensible proposals that will allow the devolved administrations to have a real and proper say, particularly on those issues of trade policy that are devolved, into a position that we take on free trade agreements. But we cannot and will not allow a veto from the devolved administrations on what is the UK competence.

Q246 Matt Western: Just on formulation of trade policy. You are committed to making this open and involving with businesses and civil society groups. There was an open application up until August, but you have not yet published who is going to be on the Strategic Trade Advisory Group. Can you tell us why you have not yet done that?

George Hollingbery: We have just this moment completed a round of interviews. We are not absolutely there with the final appointments yet. There are one or two little wrinkles to deal with. I have sent back a proposal that was made, which I thought needed a bit more transparency. In truth, genuinely. But we have got a long way with that. I would hope shortly we would be able to announce the membership of that.

Q247 Matt Western: Clearly, with these things you have to ensure there is a good balance to them, recognising that big business has a say, small businesses and civil society groups. How are you going to ensure that, in this approach or wish to be adopting a culture of transparency and fairness, balance; how are you going to do that?

George Hollingbery: I cannot exactly find the bit I need in my notes here. But the structure is very clearly set up to do exactly what you expect it to do. There is a representative from small business. There is a representative from the BROs. There is a representative from a trade union. There is a representative from an NGO. There is a representative from a business in each of the devolved administrative areas and from the regions of England, and so on. It has been set up very much with that



HOUSE OF COMMONS

spread in mind. If I were to show you how that was structured you would be satisfied that it fulfils what you are asking for.

Matt Western: That sounds encouraging, perhaps you can share that.

Q248 **Chair:** We are coming to an end. Just a point of clarity: what does "shortly" mean? How long is shortly when you say "shortly"?

George Hollingbery: It rather depends how long one is looking forwards. I do not wish to obfuscate with the Committee. I do not know the answer to when it exactly will come forward.

Chair: A month?

George Hollingbery: I would have thought within a month for sure. I would not want to be held to that absolutely but it would certainly be my intention to have it sooner than a month. The little wrinkle that I am talking about might require us to take a little longer than I would like, for the sake of transparency. We are deliberately delaying it because I felt there might be something that needed doing. I do not want to go into the details at the moment but it would be for a good reason. Otherwise it would have been settled.

Chair: I am glad we have nailed down a definition of "shortly". I am not sure it will make the Oxford English Dictionary. Thank you very much. We look forward to further questions on the Strategic Trade Advisory Group, which seems to be a source of optimism in your Department at the moment. Thank you very much, Minister, not just for this panel but for the earlier panel as well.