

International Trade Committee

Oral evidence: The impact of UK-EU arrangements on wider UK trade policy, HC 1549

Wednesday 30 January 2019

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

Questions 337-411

Witness

I: Sarah Taylor, Director for International Agreements, Foreign and Commonwealth Office.

Examination of witness

Witness: Sarah Taylor.

Q337 Chair: Good morning and welcome to our session with the Director for International Agreements at the Foreign and Commonwealth Office. Will the witness please introduce herself for the record—name, rank and serial number?

Sarah Taylor: Thank you very much, Chair. My name is Sarah Taylor, and I am Director for International Agreements at the Foreign Office.

Q338 Chair: Thank you for coming along. The Foreign and Commonwealth Office is leading on the role of a number of EU association agreements that have a trade element in them. Will you tell us what those agreements are, and why your Department, as opposed to the Department for International Trade, is leading on them? Is that not a separation across Government when the concentration should be in the one place, with the one body of people?

Sarah Taylor: If it's okay, I will read out the list because I will forget one if I try to do it from memory. The association agreements that we in the Foreign Office are leading on are with Albania, Algeria, Bosnia, the Central Americas, Egypt, Georgia, Jordan, Kosovo, Lebanon, Macedonia, Moldova, Montenegro, Morocco, Serbia, Tunisia and Ukraine.

The reason the Foreign Office is leading on those agreements is that, although each contains a trade element, as all association agreements do, they also contain other political and co-operation areas of agreement, which are as important to those particular agreements as the other trade elements. Therefore, it was decided, because of the breadth of the nature of the relationships that those agreements represent, that the Foreign Office was probably best placed to lead on them.

Across the whole programme, of course, different Departments lead on different agreements, depending on the competence of the Department and the nature of the agreement. But this is really a whole of Government effort, so with all of the agreements the Foreign Office plays a role through our diplomatic network, our legal advice and, ultimately, our treaty section as we ratify.

Q339 Chair: What is the volume of UK trade covered by the agreements and the main economic sectors in those?

Sarah Taylor: The total volume of trade across those agreements is around 1.2% of total UK trade. The trade flows are relatively small across those 16 agreements, but those all relate to UK businesses and UK jobs, so they are important. The political and co-operative elements of those agreements are very important to us.

Q340 Chair: When you say that it is UK businesses and UK jobs, are there any numbers below that 1.2% umbrella for jobs or businesses that are involved in that?

Sarah Taylor: If I understand the question, I do not have direct figures for jobs related specifically under each agreement.

Q341 Chair: The Foreign and Commonwealth Office is not leading on the roll-over of association agreements with Chile, Israel and the Palestinian Authority. Why is that?

Sarah Taylor: I would have to go back to much earlier in the programme than my tenure to understand that, but I should say that all the agreements across our transition programme have been led through different Departments. No one Department could take responsibility for all. We have looked at the competence of each Department. Where the agreements cover different areas, we have had to make judgments on how to divide them. Agriculture-facing agreements are led by our colleagues in DEFRA. Trade, obviously, is overseen by DIT, as are a large number of trade agreements. There is also a role for DFID, the FCO and DExEU.

Q342 Chair: How long has your tenure been in this post?

Sarah Taylor: I have been in this role for four months now.

Q343 Mr Jayawardena: The association agreements with Georgia, Moldova and Ukraine include deep and comprehensive free trade agreements. What is distinctive about these agreements and what issues do they present you when trying to roll them over?

Sarah Taylor: You will know that there is no particular protocol around the naming of free trade agreements. The name was chosen to signal particular priorities, including political priorities, of the parties at the time. For the association agreements for Georgia, Moldova and Ukraine, we termed them “deep and comprehensive” for the trade elements because it represented not only the nature of the economic relationship that Europe wanted to have with those countries, but a statement of strong political support. If you look at Ukraine, there was a particularly strong desire at the time to show political support for the sovereign democratic state of Ukraine, and “deep and comprehensive” emphasised the elements of the trade agreement and signalled the relationship that Europe wants and has with Ukraine.

Q344 Mr Jayawardena: So as trade agreements they are pretty simple.

Sarah Taylor: As trade agreements, they are more comprehensive than some other trade agreements.

Mr Jayawardena: Ah!

Sarah Taylor: They include elements of greater integration to the single market, because that is part of the deep and comprehensive nature. That includes some access to the full freedoms of the single market.

Q345 **Mr Jayawardena:** So the name has some relevance.

Sarah Taylor: Yes, it signals that relationship.

Q346 **Mr Jayawardena:** In that respect, given that everyone said that they would prefer to be able to roll the agreements over, do you believe that a standstill period, after we depart the European Union on 29 March, would assist in allowing us the time to get these agreements rolled over?

Sarah Taylor: If you are referring to what we call the implementation period—

Mr Jayawardena: Yesterday's update from the Prime Minister at the Dispatch Box might indicate a slight shift.

Sarah Taylor: Under the proposed deal by the Government, there would be an implementation period. Of course, the longer we have to discuss the transition of the agreements, the easier it will be to ensure that the entirety of those agreements can be rolled over in appropriate time.

Q347 **Mr Jayawardena:** Could you clarify something for me? There has been a lot of confusion about it in the past few days in the House. Could you confirm that my understanding is right that a customs union would prevent us from signing our own new comprehensive free trade agreements?

Sarah Taylor: You would have to direct detailed questions on trade to a trade expert, but I can say that certainly there are some aspects of trade agreements that might be limited by membership of a customs union and other aspects that would not be.

Q348 **Mr Jayawardena:** Like?

Sarah Taylor: Again, I am not an expert in trade, but I would have thought that goods would be more affected by a customs union than services.

Q349 **Mr Jayawardena:** Thank you. One last question. Ministers have told us that renegotiation of these deals to potentially improve them would be left to a future date. Is that still the plan?

Sarah Taylor: Absolutely. The exercise we are currently engaged in through the transition of these agreements is technical replication. The changes we are looking to make are only those that we need to transfer them into a bilateral context.

Q350 **Julia Lopez:** Besides the trade agreements to which we referred, the *FT* has calculated that something like 759 other trade-related EU agreements need to be rolled over. How many of those is the FCO responsible for, and what success have you had so far in rolling them over?

Sarah Taylor: I should say we do not recognise the numbers. I understand how the *FT* might have calculated that 759 number, but I am not sure that is one we are working to in Government, because of course



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that includes agreements that might have been superseded, agreements to which the UK has never been a party, agreements that we are already a party to in our own right and, indeed, agreements that do not need technical replication in quite the same way. It is not a number that we work to.

Q351 **Mr Leslie:** What number do you work to?

Sarah Taylor: Within the FCO, we are leading on the 16 association agreements and then we are supporting 11 political co-operation agreements alongside those. Those are not trade-related agreements; those are agreements that relate to the support of human rights, democracy and security co-operation.

Q352 **Julia Lopez:** What success have you had in rolling those over?

Sarah Taylor: On the political co-operation agreements, we are not treating that roll-over in quite the same way, because those are not treaty based. They are agreements that take a number of different forms. Not all of that has to be replicated in exactly the same way, and it does not have some of the technical procedures that a treaty-based agreement such as a trade treaty does.¹

Q353 **Chair:** What is the likelihood that the association agreements that include trade agreements will be rolled over in time for 29 March 2019?

Sarah Taylor: I am confident that a number of those agreements will be signed in time for 29 March. I do not have absolute confidence that every single agreement will be in place by 29 March.

Q354 **Chair:** So you are working on 27 agreements—the 16 plus the 11. Is that right?

Sarah Taylor: The 16 association agreements that have trade elements, and then we have 11 partnership—

Q355 **Chair:** Sorry, you are looking at 16 agreements to be rolled over by 29 March?

Sarah Taylor: Sixteen association agreements, yes.

Q356 **Chair:** And you said some, not all. Can you give us a figure? Is the “some” nearer zero or 16?

Sarah Taylor: I am afraid I am not going to give you an absolute figure on that. These negotiations are ongoing.

Q357 **Chair:** Roughly. One, two, three? Four, five, six? Seven, eight, nine?

Sarah Taylor: I am terribly sorry; I am not going to give you a figure on that. These discussions are ongoing. You will know that, through technical discussions, which are happening as we speak, things can become unblocked very quickly, discussions can move very fast and, equally,

¹ The witness asked for the following addendum to be inserted: “Political Cooperation Agreements are treaties.”



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discussions where you think you are nearly there can throw up new legal questions that you need to go away and think about. I am not going to prejudice those discussions.

Q358 **Chair:** Could it be 16 done by the 29th?

Sarah Taylor: I think it is unlikely that all those agreements will be in place.

Q359 **Chair:** Could it be zero?

Julia Lopez: This is fruitless.

Sarah Taylor: Again, I am not going to prejudice the outcome of the discussions that are ongoing. I am confident that a number of those agreements will be signed in time.

Q360 **Chair:** Okay. Which agreement is closest to being rolled over?
[Interruption.] Order.

Sarah Taylor: You will understand, of course, that these discussions are ongoing. Those discussions are sensitive. They are sensitive for the third-party countries as well as for us. In some cases, more than one country is involved in those discussions. I really do not want to prejudice the discussions by discussing sensitive information in this Committee. We will keep you updated; Ministers will update Parliament and the public as those agreements reach finalisation.

Chair: So at this stage we do not know whether it is zero, we do not know whether it is 16 and we do not know which country is closest.

Q361 **Matt Western:** On the potential roll-over, you will not be drawn on the number that may fall by that date, but what would be the consequences if any of those agreements were not rolled over and we did not have a withdrawal agreement at that date?

Sarah Taylor: In that circumstance, as the Government set out in the technical notice it published in October, companies that are trading under the preferential terms of those agreements will go to WTO rules where that country agreement is with a WTO member. Where it is not with a WTO member, it will be possible for the UK to offer WTO terms to that country.

Q362 **Matt Western:** If any of those agreements are not rolled over, how damaging do you think that would be to the UK's geopolitical interests?

Sarah Taylor: In the wider political context, I am confident that—not least through these ongoing discussions that we're having, but also through the nature of our wider diplomatic relations—we are not going to see a major impact on our geopolitical relationships with the countries covered by these association agreements. These are nations with which we have deep diplomatic ties and political and security co-operation across a number of different levels. It would be, of course, unfortunate, and it is not our intention that we shouldn't be able to carry on the continuity of



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our trade relationships, but I am firmly confident that our political and diplomatic relationships with those countries should not be harmed.

Q363 **Mr Leslie:** How many of these association agreements are trade weighted—are mostly about, “There’s trade at stake”?

Sarah Taylor: All of the association agreements contain trade elements.

Q364 **Mr Leslie:** So they are all going to affect the economy in one way or the other if they are not rolled over.

Sarah Taylor: Yes. To a greater or lesser extent, trade occurs through each of those agreements.

Q365 **Mr Leslie:** Who is the Minister in charge of your bit of this, the 16 rolled-over and the 11 partnership agreements?

Sarah Taylor: All the Foreign Office Ministers have engaged in supporting the transition of these agreements. Sir Alan Duncan and the Foreign Secretary have all been directly involved in talking to partner countries about the importance of roll-over.

Q366 **Mr Leslie:** Is there a list of the meetings that Alan Duncan and the other Ministers have had with their counterparts in which they have discussed the roll-over of association agreements?

Sarah Taylor: I expect that, through the normal transparency of ministerial diaries, it will be clear where our Ministers have met with their opposite numbers from all those countries. I know, not least from the research that I did ahead of this Committee, that FCO Ministers have met with senior politicians from each country involved in the agreements that we are representing.

Q367 **Mr Leslie:** A Minister has had a discussion with all of these 27 countries? That has gone on?

Sarah Taylor: Yes, absolutely. In addition, our ambassadors in each of those countries have of course been working extremely hard.

Q368 **Mr Leslie:** No, I am just trying to figure out who we hold accountable when they are not rolled over. On the figures, 759 is one thing. You’ve got 27 of them; there is obviously quite a gap there. You’ll tell me that they’re in different Government Departments, so is there a clearing house? Is there somebody in Government holding the pen, with a grip on the totality of our international relations and the risk of not rolling them over?

Sarah Taylor: We work with colleagues across DIT, DExEU, DFID and others to look right across this programme of international agreements. DExEU convenes Departments to consider the list, and to help us to work through which agreements we will need to roll over and to prioritise those.

Q369 **Mr Leslie:** If I wanted to find out the precise figure, if it is not 759, where do I go to find that out?



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Sarah Taylor: The precise figure will depend on the discussions that we're having with those countries, because we do not need to replicate all of these international agreements that the EU has engaged in in quite the same way. A lot of those are political co-operation agreements, for example. We do not need to replicate them in the same way that the EU has in order to achieve the same effect.

Q370 **Mr Leslie:** I know, but before we can scrutinise how well the Government are performing in rolling over, isn't the prerequisite that we can count the basic number of how many we have? If I am wanting to establish the basics—what we have and what needs rolling over—how do I establish that?

Sarah Taylor: Those figures are clearly in the public domain, especially in relation to trade, which is the particular interest of this Committee. For the wider international agreements, there is a programme that is managed by DExEU that is looking at all of those; but focusing on specific numbers of agreements is not necessarily the right way to look at this, because what we are concerned about is effect.

In some cases, in order to achieve that effect, we need to roll over specific agreements, and that is absolutely true in trade: you need trade treaties in order to replicate that effect. It is less true in cases of political co-operation, in which we are using agreements—or the EU has previously used agreements—in order to signal political support or shared objectives and values. There are different ways that we are able to do that, which do not necessarily require the direct transition of EU international agreements.

Q371 **Mr Leslie:** That is a very skilled answer and I have total respect for the civil service, but am I unreasonable in having a little alarm bell in my head that is telling me that the Government do not really even know how many agreements they have, how many agreements need to be rolled over or how many agreements are not yet in the process of being rolled over? Am I unreasonable for asking that question?

Sarah Taylor: No. It is absolutely not my experience that the Government are not thinking about what are the important effects of the EU agreements that we need to roll over. That is what my unit is dedicated to doing and that is what I have colleagues across DIT, DExEU, DEFRA and DFID doing. It is absolutely not the case that we are not entirely focused on ensuring that we can establish the same effects that the EU agreements that have direct operational impacts on the UK have as we leave the EU.

Q372 **Mr Leslie:** If I put in an written parliamentary question—presumably, for the sake of argument, the Foreign Secretary is the closest we are going to get to somebody holding the pen across the whole array of our international agreements—that asks, "What is the number of our current international agreements—association agreements, partnership agreements and trade agreements?", will I get a specific answer?



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Sarah Taylor: I do not think that we will—we do not think of it in terms of specific numbers. We think about it in terms of, “What are the effects that it is important that the UK should replicate?” In some cases, that is absolutely treaties, where we need hard and fast international agreements in place to replicate those effects, but that is not the case for every agreement that the EU has.

Chair: Like nailing jelly to the wall.

Q373 **Matt Western:** When we were looking at the EU trade agreements in our report, we identified that it was quite clear that it was not just simply a cut-and-paste job for us to take on the same deals as currently exist, because of things such as tariff rate quotas and rules of origin. Have those sorts of issues similarly come up when you have been looking at the 16 agreements that you are working on?

Sarah Taylor: Absolutely. They are the same. For the trade elements of the association agreements, those areas of discussion are the same as they are for the trade agreements being led by other Departments. Part of that technical transition from an EU to third-country agreement to a bilateral agreement with the UK will be considering what the appropriate transition is for those rules of origin and the tariff rate quotas.

Q374 **Matt Western:** To be clear, in the way that your Department, the FCO, is handling this, how does that get related to the skill set to actually look at how that is affected?

Sarah Taylor: In two ways. The teams in my unit that are leading on those discussions with third countries have significant trade experience. All the negotiations are also done as a team effort, so when we are having technical discussions with third countries, my colleagues will have DIT experts sitting alongside them, just as they might have a DEFRA colleague sitting alongside them if there are agricultural lines or a DfT colleague sitting alongside them if there are transport elements to what we are discussing. We will draw on the experience that we need across Whitehall for those technical discussions.

Q375 **Matt Western:** With those two that I identified—tariff rate quotas and rules of origin—do you have a feel for whether either is particularly problematic for us?

Sarah Taylor: Those are ongoing discussions between us and the third countries. They will be more pertinent with some third countries than with others, who will be more comfortable with the approach that we are proposing. That is the purpose, really, of the discussions that we are having as part of the transition.

Q376 **Mr Leslie:** I do not think we are going to get specifics on numbers or volumes and so forth, but assure us that the civil service team and the Ministers have a grip on this—we will come back to that. Internally, do you have a risk register of all the agreements and which ones are a higher priority to roll over?

Sarah Taylor: In terms of priority, there are different lenses through which you can look at that.

Q377 **Mr Leslie:** Do you have a risk register internally? I am not asking you to publish it, but do you possess that? Do you work to a document that is akin to a risk register?

Sarah Taylor: Yes. We have a large number of planning documents. I am a bureaucrat; you would expect that of any bureaucrat.

Mr Leslie: Very good.

Sarah Taylor: Those documents indicate to us the progress against each agreement, where we think the areas of tension might be in discussions, the resources we need to put behind them and the proposals that we will—

Q378 **Mr Leslie:** And those internal documents are not only qualitative but quantitative in nature?

Sarah Taylor: As I say, we have quite a wide range of documents, which give us all the information that we need to decide what steps we need to take to ensure that these discussions are concluded and also where we potentially need to put additional resource if there are areas where we need extra advice or support.

Q379 **Mr Leslie:** Are the categories in that risk register sorted by country or by specific agreement?

Sarah Taylor: I am not trying to be evasive, but there is not a single document. We use several different planning documents, which we can interrogate through different lenses. We can look at, for example, countries, regions, major aspects of agreements or the different challenges that they face. They give us the information that we need to make the decisions that we have to take on how we resource—

Q380 **Mr Leslie:** Do those documents have a comprehensive list of the existing agreements? Or is it not comprehensive yet?

Sarah Taylor: There are numerous lists, starting with the absolute maximalist, "Let's have a look at everything the EU has ever signed," and working down to those agreements that have effect that we absolutely feel that we need to replicate. A particular focus at the moment, as we run up to 29 March, are those agreements that are treaty-based and therefore have requirements in law that we need to replicate.

Q381 **Mr Leslie:** The good news is that, internally, those several documents itemise the countries and the agreements we have had with them historically. Within that, you are of course able to prioritise and focus on those that are most important. That data exists internally.

Sarah Taylor: I am confident that we have all the data we need in order to manage this programme.

Q382 **Julia Lopez:** My assumption is that until we know the future trading relationship between the EU and the UK, it will be difficult to roll over a



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lot of these agreements, because doing so will affect tariff rate quotas and whether we have cumulation of rules of origin. That being the case, have you modelled various different scenarios—for instance, if we have no deal, a mitigated no deal or a transition period—for how you will roll over these agreements?

Sarah Taylor: Yes, absolutely. That work is happening across Whitehall at the moment. Of course, the programme at the moment is entirely focused on replicating these agreements. If we leave on 29 March without a deal, the agreements would kick in straight away and we would continue with them. If we leave at the end of the implementation period with a deal, the agreements are designed to take effect at that point.

Q383 **Julia Lopez:** Is it possible to disaggregate the agreements, so that you can isolate the trade parts of them but roll over the rest?

Sarah Taylor: Because the association agreements have these different pillars, it is possible to treat the trade discussions slightly separately and to consider other mechanisms to support the political co-operation elements of those agreements.

Q384 **Chair:** You briefly mentioned the different lenses that you look through. What did you mean by different lenses?

Sarah Taylor: If we have to make decisions about where we need resource, we might want to look at the overall economic value of an agreement, its political importance or whether groups of agreements in different regions need extra resource to support those discussions. We might want to look at agreements based on the advancement of the discussions, to understand where discussions are very advanced or less advanced.

Chair: So you have four or five ways to prioritise. Which is the strongest lens of the FCO?

Sarah Taylor: The FCO gives equal weight to all our association agreements and to ensuring that we progress those as fast and as effectively as we can.

Q385 **Julia Lopez:** I want to know what resources you are dedicating to this at the FCO, both overseas and in the UK, and whether—Angus touched on this—you are prioritising any particular agreements. You say you are not, but with other agreements, the International Trade Secretary has taken the view that the Swiss-UK agreement is much more financially valuable, so he has focused a lot of resources on that. That is not happening in the ones you are dealing with.

Sarah Taylor: No, in the FCO we have resource, and I have teams, dedicated to each of these association agreements, and we are progressing each of them as hard and as fast as we can. In terms of resource, I have a unit that is dedicated entirely to supporting the transition of our agreements and supporting the wider programme.

Q386 **Julia Lopez:** How big is that unit?



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Sarah Taylor: My unit is around 30. In addition to that, though, I should say that the entire FCO network and all our ambassadors are focused on facilitating these discussions, so whether that agreement is FCO-led or whether it is led by another Department, our ambassadors will be in-country advocating for those agreements. Whether it is Corin in Mexico, Laura in New Zealand or Menna in Australia, all these ambassadors are working to ensure that all the agreements that the Government are committed to transitioning are getting the full force of Government effort.

Q387 **Julia Lopez:** Once the roll-over is agreed in principle, then you have the ratification process. When we were in South Korea, we heard that even once it's agreed in principle, then you have to put it through the South Korean Parliament, and so on, and that can add time. What assessment have you made of the time cost of ratification and whether there will be any other difficulties that these agreements might encounter on the way to ratification?

Sarah Taylor: That is an area where the FCO network is invaluable for all the agreements, because our colleagues out in post can work with their host Governments to understand the processes that those host Governments would need to go through and make sure that, wherever the agreements are being led, the people leading those discussions not only understand our own parliamentary procedures that we need to take these agreements through, but have a clear understanding of the third country parliamentary procedures and are factoring that into their planning assumptions.

Q388 **Julia Lopez:** Are there any countries where the parliamentary procedures might present difficulties?

Sarah Taylor: There is a wide variety of different processes. In some, for example, Governments have the ability to provisionally apply agreements, while other Governments do not have that constitutional ability. Some Governments are going through elections and at the moment do not have formed Governments that can take those agreements through Parliament, so there is a wide variety. Very often, we find that there are clear procedures that give you concrete timetables, and there are other, less clear procedures, where the Government of the host country can use different powers, depending on the political will in that country, to ensure that treaties are ratified at speed.

Q389 **Julia Lopez:** Are there any countries in which this roll-over would generate any level of controversy, or do you think it would actually be quite straightforward or hard to see how political capital could be made out of creating difficulties for rolling over the agreement?

Sarah Taylor: In all the discussions that we have had, it has been clear to me that third countries are as interested as we are in ensuring that their businesses are not negatively impacted by a failure to ensure continuity of trade between the UK and their country.

Q390 **Matt Western:** To what extent would rolling over these agreements require consequential changes to primary legislation?



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Sarah Taylor: As with a number of the other trade agreements, some of our association agreements will require implementing legislation. Taking that legislation through Parliament is part of the process that we will need to undertake as we bring those agreements into force.

Q391 **Chair:** The withdrawal agreement is in a strange place at the moment, but let us assume for the moment that the withdrawal agreement, as has been agreed by both parties, goes forward and the EU, under article 129, would have the right to request that third countries treat the UK as a de facto member of the European Union during the Brexit transition. What indications have you had from the third countries that they would play along with that scenario—that the UK would be a de facto EU country?

Sarah Taylor: I am sure that the Committee will be aware that we have been having extensive discussions with all the countries with which we are seeking to transition agreements about what is known as the notification process—the EU notifying those countries that the UK should be treated as a member of the EU for the purposes of these agreements.

Q392 **Chair:** Are they playing along with this scenario?

Sarah Taylor: Yes.

Q393 **Chair:** All 16?

Sarah Taylor: We have had no suggestion that they do not accept the principle of the notification period.

Q394 **Chair:** Having no suggestion is different from having an affirmative, because if I am a negotiator, I might play you to the wire and give you nothing to go on until the last moment, and then say, “Ah, but—”. You have had no suggestion, but you cannot take no suggestion as, “We’re playing along.” Have they all said that they are up for this and happy with that scenario?

Sarah Taylor: Of course, some countries want to see the exact notification that we will issue before they understand what it means for their own constitutions and Parliaments, but all the discussions that we have had so far are positive. All of them recognise that the implementation period and the notification that will follow helps them to ensure continuity of trade, for their own businesses as well as the UK’s, and is therefore something that they are keen to see happen.

Q395 **Chair:** There are 58 days to go until the withdrawal agreement would kick in, assuming that that path is taken. I do not think it is unreasonable to ask, at 58 days out: how many of the 16 countries are playing ball with this idea under article 129?

Sarah Taylor: I would say that all those countries are playing ball, whether they have said so in public or private, or whether they want, understandably, to see the formal written notification from the Commission. In terms of the notification, the Commission did publish on its website a draft of the language it was intending to use. I think that has helped us to work more with those countries to understand what it would



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mean for them and whether there were any processes that they would need to go through, but for some of those countries, they will want to see the formal technical notification before they can understand if there are internal processes that those countries want to go for. I really do not have a strong concern that this process is going to cause difficulty across any of our association agreements.

Q396 Chair: On 6 December 2018, Sir Alan Duncan wrote to this Committee to say: "Good progress is being made across these agreements, but it will be challenging to ensure that they are all in place by March. I would, however, expect all the agreements would be capable of being safely transitioned in good time before the end of the Implementation Period." How important is it for your Department that you have the can kicked down the road for another 21 months, to give you that breathing space? The last two years seem to have been part of a learning curve and people thinking about where they are. Are the next 21 months vital to you, or could you do it all in the next 58 days?

Sarah Taylor: As I said at the beginning, I am confident that we will have a number of these agreements signed by 29 March. I do not think that we will necessarily have every single one signed by 29 March. I think Ministers have been clear with this Committee previously, and indeed in the House on Friday, that that is the case. The implementation period will allow us the ability to ensure that all these agreements are in place by December 2020.

Q397 Chair: Moving on to contingency planning by business, what role if any will the FCO have in informing UK businesses of any contingency measures that they need to take if they have trading links with the countries concerned, to prepare for different possible outcomes regarding the roll-over of these agreements? There will be companies out there that might not be fully aware that they are trading under those agreements. Do you have a list of those companies? Do you know who they are? Might those companies be in for a shock on 30 March?

Sarah Taylor: As with all the trade agreements that the Government are transitioning, we are engaging across Government with business, both on the progress of those agreements—the agreements we are transitioning—and on contingencies, including the technical notice that we published in October. We have a number of engagements through DIT. I joined DIT recently in one of those engagements, with 20 trade associations, to explain the work that we are doing and the consequences. Government will continue to issue guidance as we approach 29 March and if no deal looks increasingly like the likely scenario.

Q398 Chair: Let us say that the Nuts and Bolts Company of MacNeil, Leslie and Jayawardena is happily selling stuff to Moldova and we are not really looking at the wider political picture. Will the Foreign and Commonwealth Office be writing to our company to tell us, "You could have a problem with Moldova on 30 March"?

Sarah Taylor: I don't think the Foreign and Commonwealth Office will be writing directly to your company. We will, however, be working with our



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colleagues across government, and particularly with DIT and BEIS, to issue guidance to all companies who are operating under preferential terms of our trade agreements, advising them both on the progress that we are making against those agreements and on the contingency measures that they will need to take, not least through the issue of the technical notices.

Chair: One of the partners in the company wants to speak.

Q399 **Mr Leslie:** Thank you—the Nuts and Bolts Company. This is quite interesting. Have you taken legal advice about the liability—companies suing the Government for the lack of clarity about potential agreements not being made if agreements lapse on 29 March? Have you got lawyers advising you about protecting the Government from being sued because of loss of business that perhaps was not expected?

Sarah Taylor: I have not commissioned or received that legal advice.

Q400 **Mr Leslie:** Do you think that's happening elsewhere in Government?

Sarah Taylor: I can't speak for discussions that are happening internally with lawyers in other Departments, but I know that all of Government is absolutely focused—all the colleagues who I work with are absolutely focused—on doing everything we can, first, to get these agreements across the line, and also to work with colleagues and with businesses to give them the advice that they need if Parliament doesn't agree a deal.

Q401 **Mr Leslie:** At the very least, on 29 March, if you have knowledge that there are agreements—association agreements or treaties—that are now not going to be in effect, that will lapse at 11 pm, you will post those publicly on a website, so that everybody is clear that after 11 pm on 29 March that they will no longer apply? Okay, you might not be writing to individual businesses, but surely Government has a responsibility to make that public: "This agreement, which you may have operated under the assumption of, will lapse at 11 pm." Is that commitment clear?

Sarah Taylor: It is absolutely my expectation that Ministers will put out more and more information, about what businesses will need to plan for in a no-deal scenario, over the coming weeks and months and particularly if it looks as if Parliament is not prepared to agree the Government's deal.

Q402 **Mr Leslie:** But specifically, if an agreement lapses or is due to lapse at 11 pm, the Government will proactively publish all that information? I hear your point when you say, "I expect Ministers will release more and more information." Quite naturally, I would expect that. But I'm trying to get a very clear commitment that there will be a list, nailed to a wall or published somewhere on the internet, that we will all be able to see: "Right, 11 pm on 29 March—this is the list of x number of treaties that will no longer be extant after 11 pm."

Sarah Taylor: It is absolutely my expectation that Government will publish the information that businesses need in order to understand the direct effect it will have on them.



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Q403 Mr Leslie: But it might not be just businesses, might it? It might be the health service, for instance. This might be related to nuclear agreements or transport arrangements. So there's a wider public interest as well. I just want to make sure that everybody who is affected by any lapsing agreement will be able to go somewhere and find out: I might have been able to travel or do whatever with Moldova or whoever; I'll go to this place and find out. That would be a resource. Is that a priority for the Department?

Sarah Taylor: It's a priority for the whole of Government, and we are working with colleagues across Government to think about all the information that our business travellers, our citizens, our British nationals abroad and our businesses will need in the event of no deal. You will be aware that Government is ramping up that no-deal planning across all these areas, and this information in relation to trade deals will be part of that communications plan for how we advise—

Q404 Mr Leslie: What's a reasonable period of notice, do you think, that people should have that an agreement is potentially at risk of lapsing? Twenty-eight days?

Sarah Taylor: Well, of course, in October, we did publish information that was very clear that businesses should start considering what these agreements mean for them, and what a failure to get these agreements over the line by 29 March would mean for them, in the technical notice. We will update that technical notice, I expect, and we will produce further information in the coming weeks.

Q405 Chair: You have said that you have expectations of the information that might be signposted, as Chris Leslie suggested. But have you seen plans that these signposts will be there for people? An expectation is something that we might think will happen, but have there been definite conversations or definite plans that a notice period of two to three weeks will be signposted on the internet? You have said that for a no-deal scenario. But if there is a deal, there are still some agreements that might not be rolled over, because we are still relying on third countries to play ball. Will similar signposting happen in that case, too?

Sarah Taylor: Across all the implications of no deal, very detailed planning is going on, including in relation to trade agreements, business travellers—

Q406 Chair: Does that detailed planning include the signposting, as Chris Leslie was suggesting? I am not looking for expectations. I am asking, have there been conversations? Have you seen anything written or have you had conversations about explicit signposting on a particular date for those deals that might not be in place?

Sarah Taylor: That is absolutely part of the discussions that are ongoing at the moment, as part of our no-deal planning.

Chair: So you have heard it specifically mentioned that that noticing will be done.



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Sarah Taylor: A lot of work is going into thinking—and has been for many weeks now—about what information we need to put into the public domain, in order to allow our citizens and businesses to plan for no deal.

Q407 **Chair:** I know that a lot of work has been going on, but I am asking for specifics. Has a specific plan been mentioned for the scenario that Chris Leslie raised, for those plans to be signposted clearly on a website, or whatever?

Sarah Taylor: Absolutely. We have talked about a wide range of options on of what kind of information we need, how we put it into the public domain, how we make it digestible, how we make it accessible for businesses, from the biggest multinational to the smallest family-owned business. We have been thinking about how we put all this information into the public domain in the most effective way, should we find ourselves in a no-deal scenario.

Q408 **Chair:** And with adequate notice as well. Obviously, you cannot do it on 28 March. If there is a deal scenario, if the withdrawal agreement goes on—whatever happens, whether there is a suspension of article 50 or it is revoked, which would solve all your problems—some of those agreements might not be rolled over in time. You might have a third country not playing ball. You would expect to signpost then, also before 28 March?

Sarah Taylor: In a deal scenario?

Chair: Yes.

Sarah Taylor: In a deal scenario, we will continue to be treated as an EU member state for the purposes of all those agreements for the implementation period. So the question of whether—

Q409 **Chair:** Only if the third country agrees to respect article 129. South Korea might say, “Oh no, we are not having that unless we have a concession.” We are making assumptions here that third countries will play ball with the conversation that the UK and the EU are having, but third countries might not do that.

Sarah Taylor: It is possible that a third country might have concerns about that. As I say, our discussions so far have not indicated serious concerns from any third countries in relation to that notification period. All the countries that we are talking to, which is every single country across the trade programme, fundamentally understand that it is in their interest, as well as the UK’s interest, to ensure continuity of trade between our two countries. That is not something they are looking to disrupt.

Q410 **Chair:** Of course they understand the importance of having continuity of trade, but the terms of that continuity is what is at stake here. If there is a change, there is an opportunity to negotiate, and get a concession and move things in a certain direction. It would be negligible for some trade negotiator not to take advantage of an opportunity that presented itself. Brexit surely presents the best opportunity that any trade negotiator wanting to make a mark in his career in his country will ever be presented with.



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Sarah Taylor: It is of course entirely understandable that third countries want to get the best possible deal that they can for their nation. It is entirely understandable that they might push for additional advantages. The reality is that we are engaged in a process of technical replication. That is what we are doing. We are not involved in discussions that change—beyond that technical replication, beyond moving into a bilateral context—the terms for trade of these EU agreements into UK-third country agreements.

Q411 **Chair:** Okay. I have a final question for you. What rule do political and human rights conditionality clauses play in the association agreements, including trade agreements, and how far will such clauses play a role in future UK trade policy?

Sarah Taylor: The association agreements do absolutely contain political and human rights clauses. That is a key element of an association agreement. They are about supporting values-based co-operation as well as trade co-operation. Those discussions are advancing alongside our trade discussions with all those countries.

When we are engaged in technical discussions with those countries, we are having those conversations absolutely in parallel, about how we replicate the effect of both the trade and the political and human rights commitments. That is absolutely part of the process in which we are engaged.

Lord Ahmed was in front of the Joint Committee on Human Rights, I think last week, in relation to the role of human rights clauses in future trade policy. I understand that you will have the International Trade Secretary in front of you next week. I am not a trade expert but we will absolutely not move away from our values in championing human rights, democracy and other areas of political co-operation, as we move into being a free, independent trading nation.

There are many different ways to achieve those objectives; some of them will be through relating human rights through trade, and I am sure Ministers will consider doing that when appropriate. Equally, you will want to take that on a case-by-case basis. There are many other ways that we want to champion those values and principles, not least with countries with which we don't have trading relationships. We will be looking for a wide range of mechanisms to ensure that we can advance human rights and democratic principles.

Chair: Having spoken to the Dutch trade Minister to get a different approach, I heard that they would not, for instance, sell arms to Saudi Arabia because of the current situation in Yemen. So your answer was a good one but, when you take into consideration some real-life matters, it is maybe not as good an answer as it could be. Other examples could be taken. However, I take your answer and the spirit in which it is meant at face value; so thank you for that.

Do colleagues have any other questions as we come to the end? We are all



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happy. Thank you very much for your time in this quick-fire, rapid morning session; it was much appreciated. Good luck in the next 58 days; you will probably need it. Withdrawal agreement or no withdrawal agreement, it is certainly going to be an interesting time. Thank you, Ms Sarah Taylor for your time.

Sarah Taylor: Thank you, Chair.