

International Trade Committee

Oral evidence: UK trade policy transparency and scrutiny – follow-up, HC 2097

Wednesday 3 April 2019

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Members present: Angus Brendan MacNeil (Chair); Mr Nigel Evans; Sir Mark Hendrick; Mr Chris Leslie; Julia Lopez; Owen Smith; Matt Western.

Questions 1 - 57

Witness

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

Examination of witness

Witness: George Hollingbery MP.

Q1 **Chair:** Good morning. Thank you, Minister. We are asking for a brief name, rank and serial number, as you choose, to introduce yourself to the International Trade Committee this morning.

George Hollingbery: George Hollingbery, the Minister of State for Trade Policy at the Department for International Trade.

Q2 **Chair:** You are still there, George?

George Hollingbery: I am still here, amazingly.

Q3 **Chair:** I wasn't going to say, but when Mr Evans came in to tell me that "George has arrived" I thought for a moment he said, "George has resigned". Such is flux, but I should have realised that such a thing would not be happening at all. We will crack on, and we are very grateful to see you here this morning. Thank you for coming.

In February we received your Department's response to our trade policy transparency scrutiny report and most of your proposals for consultative arrangements are not yet in place. Is there a risk the UK might soon enter free trade negotiations without proper advice or oversight?

George Hollingbery: It is fair to say that some of the detail is still being shaped and of course there are proposals from elsewhere about how the entire process might be managed. The best I can do in this circumstance, Mr Chairman, is to just give you the absolute assurance that we will not enter into any formal processes of trade negotiation until these processes are decided and fully in place.

Q4 **Chair:** Okay. I suppose maybe there are some on the panel who think we are in the Hotel California at the moment, and there are some on the panel that are quite happy in the Hotel California at the moment.

George Hollingbery: I wish I was in California at the moment.

Q5 **Chair:** Yes, check in and never leave. In February your Department stated that there would be a period of discussion with both Houses on the future parliamentary scrutiny mechanisms. We received your first piece of correspondence relating to this period last night, following my letter last week as Chair of the Committee. Why the delay? Has something else been going on?

George Hollingbery: It is fair to say that the Government's minds are not entirely concentrating on the future work of the DIT. Their attention is elsewhere. As I say, we are absolutely clear that no rounds of negotiation will be entered into, no formal negotiation until these mechanisms are well understood. Plainly, the Lords have brought forward an amendment to the Trade Bill, which makes them a set of proposals. Those are counter to what the Government want and, in fact, looking carefully at that amendment, there is a considerable number of tensions



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within it and some inoperability, which would make it very difficult to be used as is.

I am currently having discussions with other parties—as in small “p”—about what might happen, and where we might move, given the Lords’ position. We have invited numbers of committees to give their opinions as well as to how we take this forward and, of course, that includes the ITC, as you have already said.

We will make progress forward on this. There is a Trade Bill to come back to the House and we will have to have concrete proposals at that stage. We know pretty much what our position is—and no doubt you will want to ask me about that today—but there are clearly negotiations to be had.

Q6 Chair: If the period of discussion has not concluded by the time your Department might begin negotiating any new free trade agreements, will you commit to this Committee fulfilling the relevant scrutiny functions in the meantime?

George Hollingbery: Right, so just to understand the question—

Chair: Are all these plans in place for scrutiny and oversight on your new trade agreements? We are offering ourselves.

George Hollingbery: We will make sure that there is a committee. We have already proposed in the command paper that a committee or committees will be in place to be controlled by the House itself, which will be tasked with monitoring the free trade agreements, the progress on them, how they progress, taking evidence from any parties they wish to take it from and any evidence that may not be available in the public domain as well.

As and when we move forward into this process and we are negotiating free trade agreements—and plainly that is moot given the parliamentary situation as we currently know—there will be a committee established to fulfil that role.

Q7 Chair: Is that a complicated “no”?

George Hollingbery: It is not a complicated “no”. It is a reflection of reality. There will be a committee in place to perform the task of monitoring and scrutinising free trade agreements when we have started moving forward with a programme.

Chair: I will take it as a complicated “maybe”.

Q8 Mr Leslie: Next week, potentially, many British industries and their home markets where they sell goods could be prone to all sorts of foreign goods coming in, dumped into the UK, undercutting their markets and so forth, and yet we still do not have a trade remedies authority established in order to deal with that. Why is this such a mess?

George Hollingbery: First of all, I think you need to tell me what the situation is that you are envisaging.



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Q9 Mr Leslie: If exit day were to occur on 12 April, I don't see—apart from a very flimsy arrangement with the temporary Trade Remedies Investigation Directorate—a robust economic defence for those companies whose markets could be decimated by dumped goods coming in without the sufficient defences.

George Hollingbery: I am not at all sure I recognise that. We have announced to the House that we have transitioned those existing EU trade defence instruments that are relevant to the UK. That was discussed in the House some two or three weeks ago. A number of them fell away simply because there was no UK interest to protect. That seemed to us to be the right way to go about things, such that intermediate goods in the UK that might rely upon some of those supplies are not subject to the sorts of remedies that you are talking about—

Q10 Mr Leslie: You would prefer the trade remedies authority to be the one that is—

George Hollingbery: Plainly, we would prefer the trade remedies authority but we are entirely content as a Department that the arrangements with TRID—TRID if I may, it is just easier—are up, they are running. Part of the Department is fulfilling the job that the TRA would fulfil. We would much rather that this was the arm's length body that we wish to see in place. There have been issues with the Trade Bill that have made that more difficult.

We are absolutely intent that the TRA should be placed as soon as possible at arm's length, but I can be confident with you today that I disagree entirely with your portrayal of whether or not there will be trade remedies in place. There will be and there will be an authority, or rather a part of DIT, that is actively managing that process.

Q11 Mr Leslie: To be absolutely fair, it was the Government's decision and I know you have said the Government's attention is elsewhere. That was your comment earlier.

George Hollingbery: Indeed.

Mr Leslie: It was the Government's decision—by error or by choice—not to have pursued the Trade Bill through to enactment prior to exit day.

George Hollingbery: At the moment you will know that the Trade Bill has been amended in all sorts of ways that are germane to other processes elsewhere. That makes it extremely difficult to bring back the Bill in the form in which we would like it.

Q12 Mr Leslie: But it is a political choice by the Government.

George Hollingbery: Can we also be clear that the Labour Party, which I understand and completely recognise you are no longer part of—

Mr Leslie: Nothing to do with me.



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George Hollingbery: But others round the table are. It voted against the Bill and prevented it from coming forward in the state in which we wanted. The TRA will be much better established at arm's length, fulfilling its job outwith the Department, such that it can do it in a fully independent way according to the rules and according to all the legislation laid down and—there will not be any—without even the smidgen of an appearance of the Department controlling it.

Q13 **Mr Leslie:** You would need a chair of the TRA, though, wouldn't you?

George Hollingbery: There will need to be a chair of the TRA.

Q14 **Mr Leslie:** You have just lost the designate chair of the TRA.

George Hollingbery: I understand that.

Q15 **Mr Leslie:** Is there a particular reason?

George Hollingbery: Not that I am aware of. I have had no communications on that at all.

Q16 **Mr Leslie:** You are the Minister responsible for trade remedies and you don't know why you have just lost your designated chair of the trade remedies authority?

George Hollingbery: I was told last week that the chair had unfortunately resigned his position. Plainly we will be in the process as soon as possible to replace him.

Q17 **Mr Leslie:** Do you think you have enough of a grip on the formation of that TRA?

George Hollingbery: Yes.

Q18 **Mr Leslie:** Even though you don't know why that designated chair of the TRA stood down?

George Hollingbery: In the end he decided to move on. That is not something that the Department can control. It is our job—and the right and proper response to that is not to worry particularly about why he went but to find his replacement as soon as possible.

Q19 **Mr Leslie:** Will you try better the second time round?

George Hollingbery: I think that is probably what might be described as a "when did I last beat my wife?" sort of question. I am entirely content that the thing to do now is to spend our time finding a replacement chair for the TRA. At the moment there isn't a TRA to be chair of. We understand that. We have an excellent chief executive in place, and she is running the TRID on a day-to-day basis. The Secretary of State visited Reading just the other day and came back brim full of confidence about the atmosphere down there—how well it was working, how well trained everybody was—and I am convinced and absolutely content that TRID will do its job, as will the TRA when we can establish it.



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Chair: Thank you. As much as we are enjoying that, I think we had better move on.

Q20 **Matt Western:** Just out of interest, how long was the chair designate in place for?

George Hollingbery: I cannot give you an exact number. I believe he accepted somewhere around 2 or 3 January and I believe he resigned about 23, 25 March. Those dates are probably wrong in precision but they are right in approximation.

Q21 **Chair:** Thank you, Matt. Moving on to the role of Parliament, in November you told us it would be disingenuous to state that the CRAG Act is an effective means for Parliament to reject a treaty indefinitely, but your response to the report says that CRAG provides a sound framework for parliamentary scrutiny of treaties. How can this be so when it doesn't allow Parliament to say no to a treaty?

George Hollingbery: There are two parts to the CRAG issue. In any FTA of any substance there is very likely to be primary legislation that is required before the Bill comes forward; the CRAG process is started. I take some comfort on Parliament's behalf from the fact that if there is very real objection to an FTA there are mechanisms open to Parliament to prevent the primary legislation going through that will enact it. I think that is an extra step that we can look at.

As I sit back and look at the CRAG process and at the discussions we are having about scrutiny of free trade agreements, I say to myself, "I think we are rushing headlong into changing something about the royal prerogative—which the Committee itself has said is clearly the responsibility of the Government; it is the Government's right to negotiate foreign treaties—without considering the whole".

Do I resile from the words that I said back in November? No, I don't. To any rational and third-party observer, plainly there are limitations on what Parliament can use CRAG for to stop the ratification of treaties. That is plainly the case, but I think if we try to make policy around the whole of UK treaty making and change the habits of many, many tens if not hundreds of years about how we do that in the round in the scope of looking at one particular sort of agreement, I suspect that we are doing this the wrong way round.

It may be that in due course Parliament decides that it wants to work out how to deal with the royal prerogative around the making of foreign treaties, and that will change that process in due course, but I think if we rush headlong into creating a precedent in one particular sort of deal, without thinking about the implications more widely—and that is to discount the perfectly sensible reasons you can bring forward of having the process as it is because of the effect on negotiations and the ability to speak with one voice and so and so forth—I think we make the mistake.



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Therefore, my answer on CRAG would be that I think it is not for now. It is how it is and I do not think that to change it in respect of one sort of treaty is the right way forward.

- Q22 **Chair:** Since you responded to our trade report, the Trade Bill has been amended in the Lords to require parliamentary approval through a yes or no vote for negotiating mandates and concluding trade agreements. Do you think that is quite a good thing and do you think that should remain? Surely you would not be tempted to remove that when it got to the Commons?

George Hollingbery: Mr Chairman, the amendment that came from the Lords was done in haste. I think there is some understanding in the Lords that it is not even close to operable. It potentially puts the Commons and Lords at loggerheads, for example. That is one particular issue with it in that one side could approve and one side could not, and then who knows where we go. There is plainly a lot of work to be done on it.

My objective from the outset here is to balance the right of Government to make treaties with foreign powers, at the same time as making sure that Parliament has as much information at every stage as it possibly can so that it fully understands what is going on. I am content that what is in the command paper is a very good basis for that. There are bits we can talk about, and no doubt we will be doing. I am sure you will be producing an input that will tell us exactly what this Committee thinks and no doubt other committees around Parliament will do the same.

Plainly, if this is to be a political moment in Parliament about what happens to the Trade Bill, I will need to be talking to members of other parties as well and no doubt that will happen in due course. At the moment I cannot say anything other than what I have already said, which is that I believe it is the wrong time to adjust the way we deal with foreign treaties given that there are many arguments to be had about this. It was only looked at eight years ago and the conclusion that now exists on the statute book was reached. To do this in singular for this particular sort of agreement, rather than in the round for all sorts with all the implications that could have, seems to me to be potentially reckless.

- Q23 **Chair:** If you were in opposition and Prime Minister Corbyn and President of the Board of Trade Len McCluskey—a spectre that has been raised before—were in the driving seat, you would be quite happy for them to have those tools at their disposal?

George Hollingbery: The answer to that is that is the way it is at the moment.

- Q24 **Chair:** You would be happy?

George Hollingbery: Those levers have been in the hands—okay, let's just be clear about one thing. We are only talking here about a balanced Parliament, are we not? In the end it is true to say that with any set of rules, as long as there is a majority in the House the Government of the



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day will get their way in any event. We are talking about something that has to stand the test of time for all potential sorts of government. It is in this area when we are in a balanced Parliament, when majorities are unpredictable—for all sorts of reasons—that we have to give the greatest thought.

I come back to the same conclusion I have already outlined, which is that if we change this process, and we wish to change it for the long term and we want to do it in a careful, considered and thought-through way, we don't do it just for one example. We do it because we have looked at it in the round and Parliament agrees on legislation that will prescribe the way these things change.

Q25 **Chair:** My point was for all possible examples. I gave you one example that has been raised here before to Conservative Ministers. I note that a Conservative Minister resigned this morning on dealing with Marxists—in the Prime Minister's reach-out to the Leader of the Opposition—as he has described it. It is a way of bomb-proofing the concept in Conservative minds that you run it the other way and you would be quite happy that the other—

George Hollingbery: I come back to the same thing. The safeguards are there, so it is possible. I understand the issues around Opposition days and so on and guaranteeing a time to think about this on the floor of the House. I understand the issues about the Government being able to bring this back unamended. At the same time, primary legislation does need to be passed. If there is not a majority in the House at that stage it becomes very difficult for a Government to move forward if it cannot enact the primary legislation that is needed to satisfy the terms of the treaty it has agreed with a third party.

Chair: Thank you, and talking of Marxists, I will turn to Nigel Evans.

Q26 **Mr Evans:** More Marx Brothers than Marxist. I have been an MP for 27 years and I don't think I have lived through such an uncertain time. I thought I knew what Brexit was all about and why 17.4 million people voted to leave the European Union, and one of them clearly is the ability to do free trade deals throughout the world. Yet in the latest pivot, the Prime Minister has now said she wants to go more towards a soft Brexit and sit down with the leader of a party that is, quite frankly, trying to wreck Brexit. If the Prime Minister actually said to me that today was Wednesday, even though I know it is Wednesday I would reach for my diary just to make sure that yesterday was Tuesday. That is how bad it has got.

What is morale like in your Department, Minister, when you were supposed to be doing all these wonderful free trade deals around the world and now you may find yourself handcuffed from doing them?

George Hollingbery: We believe there are lots of ways of increasing the amount of trade that the UK does, and while in certain potential outcomes there is certainly, to my mind at least, going to be a



considerable difficulty in striking deep free trade deals with third parties, there is a great deal more that the Department does. In fact, the Department is looking quite carefully at the moment at the balance of resource it puts into trade policy in general, and particularly around market access where there are some enormous gains to be got even if we are not allowed to go out there, or if we cannot practically go out and make free trade deals, or if at least making them is much more difficult. We believe there is still a very real role—in fact, there is absolutely a very real role—for a UK trade department.

In fact, what I would say is that one of the things I notice—as an outsider to this all of nine months ago—travelling quite a lot, is that there is a great deal more that the UK probably could and should have been doing in terms of trade policy than it has over the last 40 years. There are plenty of examples in the European Union of countries that do a great deal, France and Germany particularly but many others increasingly.

If we decided that just because free trade deals had become, shall we say, more difficult to negotiate in depth we would not have a role; I think our role actually increases. There is a huge amount to be done in emerging markets; huge amounts to be done in India, in China, on practices that can be changed, which would make an enormous difference to British companies.

Let me give you an example. These numbers are round but I think you will get the point. In the Chinese market UK cosmetics companies have a relatively small market share. That is not the case elsewhere in the world. The reason for this is that Chinese legislation requires that all cosmetics are tested on animals. We plainly do not do that here. None of our products are tested on animals, other than in very particular circumstances. Therefore, they do not qualify for legitimate inclusion in the Chinese market. If we reach the market share we have globally in China there is a potential £10 billion turnover win just in cosmetics. I can give you several other examples of that sort.

I am not pretending to you that there are hundreds of examples of that scale but there are a great many. In some respects, if you could get that one thing done it would dwarf what you could get out of quite a number of different trade deals. Let's be clear, there will be a considerable job for the DIT whichever circumstance comes about.

Q27 Mr Evans: A hugely pragmatic response, I have to say. It does blow out of the water the potential for doing a good trade deal with the United States of America if we have a customs union, doesn't it?

George Hollingbery: Let us just say it complicates it. There are many ways through. One can imagine ways in which the UK might be sufficiently close to the EU in that circumstance that future trade arrangements could be negotiated jointly. Those also come with complications. The rolling over of existing trade agreements might become simpler. It could become more complicated. Until we get into the



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slightly untried grounds—there is plainly the pre-existing example of Turkey.

That gives us some idea of what it might look like, but that is substantially different. It is a very different sort of player. The sort of customs union we are talking about there is rather different as well. I don't think at the moment I am in a position to give you any kind of assessment as to which free trade deals we think we could do, but there is no doubt, with a common external tariff and the inability to vary your tariff, the inability to trade tariffs on goods, the major objective of getting real deals in services in particular economies becomes more difficult because of that particular trade.

It is also worth noting in this forum that very often a lot of what we are counting as services comes as the result of goods exports. I will just give you the example of British Aerospace or of Rolls-Royce—Rolls-Royce is particular. I do not know if this is a fact and I wouldn't wish it to be noted by the Committee as a fact, but I believe that there are Rolls-Royce orders where very little money is made on the actual goods themselves. It is absolutely clear that the vast majority of profit comes from the services that are added on the other end. Therefore, the fact we cannot trade goods tariffs for other goods is potentially quite important.

Q28 Mr Evans: I appreciate that in some regards you just simply don't know what constraints you will be operating under. If it is bad for a Government Minister in that Department, you can only imagine what it is like for people operating in industry.

Can I ask you about the House's involvement in all of this? We had a debate on 21 February that was about the potential agreements between America, Australia, New Zealand and our accession possibly to the CPTPP. All we want to know is: are there going to be lots more opportunities for debates about these prior to negotiations?

George Hollingbery: The command paper makes it clear that, as and when Cabinet has determined the outline objectives, there will be a debate on the floor of the House. When whichever committee it is that is agreed by the House is going to monitor free trade agreements comes into being, we will have round reports. It may be that the committee feels that it is the right idea to have a debate on those round reports. Quite what mechanism it would use for that—perhaps Back-Bench business—who knows? There are all sorts of mechanisms by which I would imagine the House would be able to find time to debate the various rounds, and we are absolutely committed at the end of the process that Parliament should also be able to debate that as well.

Mr Evans: Great. Thank you.

Q29 Matt Western: To pick up on that, I think the attendance at that debate was very poor, wasn't it? It was in what was supposed to have been the recess week and we only had about 20 Members actually—



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Chair: It was suspected some were in Val d'Isère and using the last three rooms.

Matt Western: Some of us were there, actually.

George Hollingbery: Third-party economy is a bit of ODI.

Q30 **Matt Western:** Can I pick up on your response to our report that does not explain the level of detail that will be contained within an outline approach. How detailed will they be?

George Hollingbery: We are committed to making sure that there is a scoping assessment, to make sure that those sorts of documents that the Committee asked for are going to be there, about why are we doing it, what the effects of it are going to be, how long we think they might take and the impact on British regions and the devolved authorities and so on. All those will be there to back up the outline approach.

I do not think we are set on how detailed that outline approach will be. If we can just be clear that, at a certain level of detail, the outline approach gives away too much about the UK negotiating position. If you look at the mandates published by the US Government, you will see that their outline proposals, which will last for five years, are fairly high level. I think we will look to doing something rather different than that. We will try to give a report on the outline approach for each deal that gives a real flavour of the areas that we expect to be negotiating on.

Q31 **Matt Western:** Will you consider the non-economic impacts of the trade agreements as part of the scoping assessments you intend to produce alongside the outline approach, as we recommended?

George Hollingbery: Such as? Can you just elucidate for a moment, what sort of non-economic impacts?

Q32 **Matt Western:** I think it was the involvement of other bodies and their input into the advice.

George Hollingbery: We are talking about the Strategic Trade Advisory Group, okay, yes. I am very pleased to be able to tell you—and I think you had a note on this today, Mr Chairman—that we put out a WMS this morning announcing the membership of the Strategic Trade Advisory Group. Let me just give you a couple of moments on what the STAG is. I hope you don't mind me calling it "the STAG". I hate acronyms but it is easier.

This is a group that sits and basically represents civil society—and a little more deeply than that—and is there to help us shape trade policy, around free trade agreements, certainly, but equally around all those issues that engage us. When I talk about market access, I would expect that it would have a very real input into that too. It is there for us to be challenged about what we are doing.



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Let me go through the membership, if I may, because that would be helpful. We have someone from academia. That is Professor Holger Breinlich from the University of Surrey. From the BRO we have Carolyn Fairbairn from the CBI. The BRO for services is Gary Campkin. I don't know if you know Gary. Whenever I go abroad he seems to be there negotiating for TheCityUK on financial services. On standards, there is Dr Scott Steedman from the British Standards Institution. Caroline Normand from Which? represents consumers. For developmental organisations there is Dr Dirk Willem te Velde who is with the Overseas Development Institute.

There is a new business entrant, because we feel it is very important to understand how businesses can be locked out from entering markets as a new business entrant. That is Mark Abrams from Trade Finance Global. NGOs is Michael Gidney from the Fairtrade Foundation. Northern Ireland business is Nick Coburn from Ulster Carpets. Regional business is Denise Valin Alvarez from Burberry. Scottish business is Liz Cameron. She is from the Scottish Chambers of Commerce. Welsh business is Prys Morgan from Kepak Limited. For SMEs, directly from an SME is Sean Ramsden from Ramsden International. That is a food export wholesaler. There is a BRO for SMEs, which is Mike Cherry from FSB, as you would expect. For a think tank there is Sam Lowe from the Centre for European Reform. From the trades unions we have the Deputy Secretary General Paul Nowak from the TUC.

I hope you have a picture there of us trying to take a wide and deep view of civil society, and the inputs they might want to have into trade policy generally and FTAs particularly. Underlying that we are also putting in place ETAGs—expert trade advisory groups. These are highly qualified panels of experts in individual areas. Some are drawn from panels already existing across Government. For example, DEFRA has a number of panels that will be extremely useful to us. Some are panels that we have put together, for example on IP and on data. There will be others on an ad hoc basis as we feel we need them or holes filled as we find out we haven't put the right ones in place.

We currently have financial services, professional business services, transport services, agri-food sustainability, chemicals, life sciences, trade for development, SMEs, intellectual property, digital, creative, automotive, investment and customs. We would expect that these panels would be areas where we would take expert advice for our trade negotiators in any individual circumstance where we require the deepest possible advice.

On the closeness to the process, it is probably worth saying that I would expect that in certain circumstances representatives from the ETAGs might well be in the room next door during negotiating rounds. I would not expect that would be the case other than in exceptional circumstances for members of STAG. STAG is there to shape more generally and ETAGs to give that really expert guidance.



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Q33 **Mr Evans:** There was a time lag between when we were told the announcement would be made and when it has been made. Have a fair number turned down the option of going on this advisory group?

George Hollingbery: No. I talked to every single one of them yesterday. They all said they were utterly delighted to have been the person chosen out of the huge numbers of people who applied. There was a fairly extensive and very Cabinet Office-compliant process for whittling down the people, the numbers, the qualifications and so on. It then came to Ministers who considered it. It then went to No. 10, which took a bit of time to get it back to us.

It is one of the consequences of the fact that we have entered into a very exhaustive process that it has taken, frankly, longer than most of us would have wanted, but none of the people with whom I talked yesterday said that they were no longer interested; quite the opposite.

Q34 **Chair:** How long did the control freakery of No. 10 intervene in this period?

George Hollingbery: Not for very long.

Chair: We can read a lot from body language.

Q35 **Matt Western:** Can I pick up on this outline approach? I think other areas that we were talking about were things like consumer rights but also about employee workers' rights for countries that we may trade with. Would they be included?

George Hollingbery: As in representative organisations from third-party countries with whom we are negotiating? No. But representatives from people who have that interest, yes. We have the TUC on there, for example. The International Labour Organization, via the TUC, will have its voice if that is the sort of question I am being asked.

Q36 **Chair:** Thank you. When will the first meeting be of the new intergovernmental ministerial forum for future trade agreements? When will that be held?

George Hollingbery: Are you talking about the DAs?

Chair: Yes.

George Hollingbery: My opinion is that we have made really good progress on the DAs. I am not pretending for a moment that we will ever agree on everything. I have genuinely made an effort to be in touch with my counterparts much more often. In fact, I am talking to Ivan McKee and Eluned Morgan this afternoon on this very topic.

Q37 **Chair:** You are meeting with the devolved Governments before you enter into any negotiations?

George Hollingbery: Absolutely, of that there is no question. Can I just be clear? Currently there is a concordat that exists between the DAs and



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the British Government about how the DAs are involved in treaty making and in certain fora. That was put together before we got ourselves into a position where we might be able to negotiate free trade agreements and, therefore, it is not really appropriate.

We have had very constructive discussions with the DAs about this. I will just echo what I think I have said in this Committee before, but what I have certainly said to the Scottish Select Committee and the Welsh Select Committee: I think we make much better free trade agreements when we negotiate in full cognisance of what the devolved authorities want and also, of course, what they are responsible for. Their place is not on the ETAGs or in STAG. They have responsibilities to implement quite a lot of what is going on, so as far as I am concerned they are in a different category. They have rights and responsibilities and they need to be treated as such.

We are working closely with them to negotiate the concordat. I do not resile from that it would be fair to say that we have not made the progress in the last six or eight weeks that we had been making previously. There is some cross-Government work to do about the offers that we are making and what we think the DAs will find acceptable, and we are still in those negotiations internally and, of course, with the DAs too. I can be clear that we cannot go into a free trade negotiation until these structures are agreed.

Q38 **Chair:** You are dealing with the Welsh Government and the Scottish Government and the Westminster Administration to ensure that there is agreement, or would your Administration be opposing agreement between them?

George Hollingbery: Agreement between whom?

Chair: On any points of future negotiation that might come in the way. Would you seek agreement or would you be, as the contradiction, opposing agreement?

George Hollingbery: In the end, the right to make treaties and policy developments in trade are reserved powers. Those belong to the Westminster Government—

Q39 **Chair:** You have surely seen countries—Canada is a good example—with a mature and respectful interaction with the provinces. Would that be something you—

George Hollingbery: The political set-up in Canada is rather different. I cannot evidence this, but I am led to believe that the Canadian experience was not one that everyone found universally positive in the negotiations they did on CETA. I am not sure whether they will be repeating it or not. That is a question you will have to direct to them, particularly.



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I believe that we will reach the right balance for the particular UK context. In the end, Westminster has the reserved power to deal with trade policy, but I believe we are stronger and better if we take into account those things that the devolved Administrations feel are very important. We are working towards a mechanism to do exactly that.

Q40 Chair: The Committee found positive feedback on the Canadian experience, both from provincial and federal levels. I would encourage Administrations here to follow that with respect to the devolved Governments as well.

George Hollingbery: Mr Chairman, I will say it again. I believe you are right that we have to work very closely with the DAs. I believe that we are coming close to finding a model that will work well. There is work to be done yet to make sure that that offer is as it should be. As and when that offer is ready, we will be making it to the DAs.

Q41 Chair: Do you think there is something in the terminology that you are using? These are devolved Governments but the DAs is something we have to deal with and—

George Hollingbery: I am afraid my business, your business and all of our business in here is full of acronyms. I do not mean in any way to demean any party by using acronyms or other short references. The devolved Administrations, the Scottish Government, the Welsh Government, are very important to the UK Government and we will continue to work with them.

Q42 Chair: You could call them DGs.

George Hollingbery: Mr Chairman, can we just be quite clear, I have every respect for the devolved Governments of the United Kingdom, the devolved nations of the United Kingdom. There was a settlement made in 1997. We know what the terms of that settlement are. We have duties towards the devolved Governments and the devolved regions of the UK and we will fulfil them. We will make much better free trade agreements if we take the opinions of all into account, and the Scottish Government and the Welsh Government have a very particular place because they have responsibilities to implement some of the issues of trade policy that we will be deciding. Believe me, they do not rank anywhere other than at the top of my list.

Chair: Thank you.

Q43 Matt Western: I want to talk about transparency. In response to our report the Government wrote that the Government are committed to transparency, but it seems that the Government have actually consistently resisted putting transparency on some sort of statutory footing, despite acknowledging the importance of an open and inclusive trade policy. I understand that DIT has the worst performing record for responding to freedom of information. Why should we trust your commitments?



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George Hollingbery: If you want me to answer a question on FOI, I think that rather depends what you mean. What do you mean by the worst record?

Q44 **Matt Western:** I understand that it is a document of record that in responsiveness to requests for freedom of information, DIT has the worst response time.

George Hollingbery: If you looked at the record some years ago there would be some truth in that. There absolutely would not be now. Do we make the fullest responses to the largest number of requests? The answer is no. A lot of what we deal with is privileged information, either between us and companies or us and Government. Therefore, a lot of the questions we are asked we cannot answer and that means quite regularly we do not answer fully.

I have taken quite a bit of time and trouble to ensure that I am overlooking that. I am looking at the examples where we are not giving the fullest responses and to be clear, and I am happy with the fact that that is a reasonable decision. To my knowledge we have not been challenged successfully on any of the FOI requests that we have had and our record on responsiveness has hugely improved.

Q45 **Matt Western:** Let me just quote then from Nick Dearden from Global Justice Now. In October he said, "The Department for International Trade is not even abiding by our current freedom of information standards, so I am sure the Committee will be interested in statistics that were published by the Government last month. They show that the Department for International Trade have granted less than 27% of the requests they have received in full. They have turned down 48% of all requests they have received in full, and they are the worst Department in terms of responding late without acceptable reasons. About 34% of responses fall into that category."

George Hollingbery: The last part is unacceptable and we have done a great deal to improve that. If you look at the most recent statistics you will find they are greatly improved. There were structural problems in the way a new Department was dealing with FOIs. It was contracted out to others and it wasn't working properly. That has been changed and we are now dealing with those requests in a much more timely fashion.

I come back to the point I made earlier. We deal as a Department with a lot of privileged information, and if you look at other Departments where there are similar strictures—like the Foreign Office, for example—you will find that there are a great many responses that do not receive full replies because there is a great deal of commercial sensitivity and diplomatic sensitivity involved in a lot of the material that we use and that we deal with. I have taken proper time and trouble to ensure that we are staying within the remit of the Freedom of Information Act and I am content that we are.



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Q46 **Matt Western:** The statistics seem to suggest otherwise, you will accept?

George Hollingbery: The current statistics are absolutely clear that we are hugely improved in our timeliness from what were plainly unacceptable levels.

Q47 **Matt Western:** Improved but not adhering to the standards that are already in place.

George Hollingbery: I come back to the same fact I adduced earlier, which is that I don't believe we have yet been successfully challenged by the Data Commissioner, in which case it seems to me that is a reasonable indicator that the letter of the law is being followed by the Department. We are very careful to make sure that we do so and stay within the bounds of it.

To be clear, if anyone was imagining—and I did imagine at first—that there might be a perverse incentive to deal with things by redacting or by refusing because it made your performance increase in terms of the responsiveness, it turns out that actually the exact reverse is true. It takes much longer to refuse something than it does to give a full answer, because one has to go through any number of processes and reviews.

Q48 **Chair:** The critical point here that Matt Western is raising is you have consistently resisted putting this on a statutory footing and, in short, how can we—

George Hollingbery: The FOI is clearly on a statutory footing.

Q49 **Chair:** You are resisting putting the transparency commitments on a statutory footing.

George Hollingbery: Transparency of what?

Chair: Of the information that people are looking for on trade agreements.

George Hollingbery: Okay. We have moved away from FOI completely, parking that on one side.

Q50 **Chair:** Why has there been this resistance to being open as Matt Western—

George Hollingbery: There is absolutely no resistance to being open at all. We have, at every stage during this entire process, made clear that we will be doing round reports, for example. The round reports, which we are going to publish—if this is what you are asking, Mr Chairman—are going to be probably in a very similar format to those from the European Union. They will give a certain amount of detail of what was discussed, what was decided, what the objectives were and whether they were achieved. They will be very similar to those that you get out of the EU right now.



We believe that is the fullest possible scrutiny we can give. Will that be transparent in its entirety? No, of course not. You acknowledge in your own report that there will be a certain amount of information that could not be shared more publicly, but where information can be shared it should be and the Committee will no doubt make a judgment about what it can and cannot share.

We have said we will have a general debate on the outline approach. We have said we will have a full debate on a recommendation from the Committee prior to ratification. I simply do not understand where we sit at the moment. What bit would you like us to be more transparent on?

Q51 Matt Western: Just to come back, the Institute for Government, for example, called on DIT to have statutory transparency requirements to include a trade strategy, negotiating objectives for each bilateral, plurilateral or whatever negotiation and the impact assessments conducted prior to negotiations. Will we get those?

George Hollingbery: Yes. I have already told you the impact assessments will be there as part of the outline approach. They will be available to Parliament. Let's have one or two of the other ones.

Q52 Matt Western: Evaluations of trade agreements after they come into force?

George Hollingbery: Yes. We have absolutely committed to that. We have said that we will have an annual report. Well, perhaps that is slightly separate. Another thing we have said is we will have an annual report on all ongoing trade negotiations and trade policy, where we are with various FTAs. Indeed, we have said that we will be entirely open to the idea of doing reviews—at times as yet indeterminate, but I would have thought five to 10 years after the implementation of any individual free trade deal—to make sure it is doing what it said it should do when we negotiated it, to make sure it is all being operated as it should, making sure the other side is complying and, indeed that we are. Yes, I am wholly open to that.

Chair: Time is very determinate here and we are running out.

Q53 Julia Lopez: I am going to go slightly off script. When discussing the merits or otherwise of the withdrawal agreement with a trade expert—self-designated he was—it was suggested that we could conduct the free trade agreement negotiations with the United States and the free trade agreement negotiations with the EU in parallel, and try to leverage one off the other. Given that the default within the backstop is a single customs territory, how amenable would the EU be if we were to take such an approach? Do you think your Department has the capacity to conduct two large negotiations of that nature and understand the trade-off between those negotiations, if they were to do them in parallel? Do you think this is a realistic strategy and one that we should give any credence to?



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George Hollingbery: First off, I would say of course that we are not responsible for negotiating any free trade and all future relationships with the European Union. That is not part of our remit. The future economic partnership and the withdrawal agreement are about so much more than trade that it would be inappropriate for DIT to be doing that. Of course, we are consulted on actual trade issues. It would be very odd if we were not. There are write-rounds on all number of issues in this particular structure, as you might imagine.

Given that there is so much rolled into that potential agreement that will come forward at some stage, I don't think that it would be right for DIT to be the lead Department on it. The Government did not think so either and created the Department for Exiting the European Union because it is such an enormous raft of work. Of course, they have also had a huge amount of work co-ordinating all of the day one preparedness across Government as well. We are not set up to do that, so—

Q54 **Julia Lopez:** That work would enormously affect your ability to have any negotiation with the United States?

George Hollingbery: The structure that is eventually reached with the European Union will have an effect on our relationships with others in the negotiation of free trade agreements. What that outcome or the effect will be is up to the other countries to determine, but it seems unlikely to me that there would not be some effect, given the differential outputs.

Q55 **Julia Lopez:** It seems unlikely to me that we would be able to negotiate any free trade agreement of any worth until we have a clear understanding of what our future trading relationship is going to be with the EU. Therefore, I see this whole process dragging out over a number of years. I just see that as a disincentive for the EU to provide clarity on that, because it would allow us to open up those new relationships with other people that might be to its commercial disadvantage.

George Hollingbery: I did not discern a question there. If you are making a statement then it is on the record.

Q56 **Julia Lopez:** What is your opinion of the statement I have just made?

George Hollingbery: I come back to the same place I started. Depending on what future trading relationship we have with the EU, there will be differential incentives and disincentives on third-party countries. There is absolutely no doubt about that. There will be any number of erudite papers out there that will evidence that for you. I am just a humble Trade Minister. I can see the politics of it. It would plainly have a differential effect, yes.

Q57 **Julia Lopez:** Do you anticipate your Department being much more involved in the next stage of negotiations should this withdrawal agreement be signed? There are such significant trade impacts that you would need to have proper input on that.



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George Hollingbery: I would expect the DIT would be, as it has been thus far, consulted deeply on the trade impact. That is, after all, what we are there for. We have expertise in it. We have officials who are simply excellent at negotiating with third parties on these issues. Of course the system of government in the UK requires that we are consulted in any event. Yes, we will be consulted.

Chair: On that upbeat note, let's just leave it there, Minister. Thank you very much for coming along this morning. It is much appreciated.