



Department for
International Trade

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Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
SW1A 0AA

1st December 2022

Dear Dame Meg,

PUBLIC ACCOUNTS COMMITTEE: PROGRESS OF TRADE NEGOTIATIONS

Thank you for your letter of the 3 November 2022. I am sorry to see that you were disappointed that the Department did not accept one of the Committee's recommendations and that you were not satisfied with the response for some of those that the Department did accept in its initial set of responses published in the Treasury Minute ([Forty-Fifth Report](#)) in May 2022.

I would like to respond with further information on each of your specific concerns in turn below.

Recommendation 2a & 2b: How reporting will allow the Committee and Parliament to hold the Department to account for achieving outcomes from trade agreements.

The department publishes detailed impact assessments which set out the estimated impacts of its Free Trade Agreements (FTAs) at an aggregate level, and at a sectoral level, for the countries and regions of the UK plus other groups. In addition, DIT will publish a monitoring report every two years. This will provide analysis and evidence for Parliament, the public and other interested stakeholders on progress and actual benefits.

This monitoring report will include indicators to monitor outcomes where available. This includes changes in trade flows and estimates for the utilisation of preferential tariffs. DIT aims to maximise the benefits of its FTAs to businesses and consumers. Changes in these outcome indicators could therefore suggest greater or less progress in achieving benefits from the department's agreements. However, other factors will also influence these indicators. Where possible, the monitoring report will discuss the extent to which short term changes can be attributed to the FTAs themselves rather than wider factors.

We also continue to internally monitor our FTAs, drawing on the available evidence, such as emerging data and survey results. For example, the National Survey of Registered Businesses (NSRB) will be a key source for monitoring businesses' experiences of FTAs and DIT's communications and services.

As well as this, our FTAs are dynamic documents. They include commitments to review clauses, chapters, and whole texts; commitments to meet regularly to discuss progress; and obligations to ensure all parties are complying with what we've signed up to. In practice this also involves ensuring we and trading partners are meeting our treaty obligations, for example in the application of agreed tariff preference rates, and that we're doing what we have committed to in terms of reviewing text and regularly engaging with our trading partners across FTA chapter issues to ensure that access negotiated is being faithfully implemented. We will be tracking that methodically. The UK is also

monitoring and where necessary scrutinising emerging bills and legislative activity in partner countries, to identify potential non-competitive practices.

Once FTAs come into effect, DIT continues to work closely with British business interests to encourage uptake of FTA benefits, for example through our International Trade Advisors, and through our trade promotion activity. Our FTAs also put in place a regular rhythm of engagement with our trading partners. This engagement provides an opportunity to advance UK's trade interests, for example through taking advantage of opportunities to amend the agreement text, or to tackle market access barriers experienced by British businesses. DIT has established a Thematic Working Group with industry representatives to discuss this work programme, to take stock of any issues businesses are experiencing, and to identify key issues to raise with trading partners. We are separately running several pilots to support FTA utilisation by businesses, including optimising existing engagement structures and channels within DIT and with business stakeholders. By streamlining information sharing, we will be able to address business asks and feedback on FTAs more quickly.

The department is also committed to publishing a comprehensive ex-post evaluation of the UK's agreements with Japan, Australia and New Zealand within five years of these agreements entering into force. These evaluation reports will examine to what extent the agreements and their implementation are effective and efficient in achieving the UK's trade policy aims and in delivering benefits to UK businesses and consumers.

Recommendation 5: Improving transparency and communications around trade agreements and their impacts, to inform scrutiny.

The Government provides extensive information to the public and Parliament on our trade negotiations and we are continuously reflecting on our approach to ensure it remains fit for purpose. As an example, in response to concerns from the public and Parliament about the impact of new trade agreements on domestic agricultural standards, we introduced new statutory reporting requirements and put in place the independent Trade and Agriculture Commission to publicly report on new agreements.

We do not believe that it would be appropriate to publish sensitive information on negotiating strategies as this would undermine and constrain our negotiating positions. However, we do recognise that there is benefit in parliamentary select committees having closer access to negotiating teams during negotiations. That is why we have an open offer to the International Trade Committee and International Agreements Committee to have private briefings from Chief Negotiators. Five such sessions were held on Australia and New Zealand, and more recently the Chief Negotiator on the India negotiations met with both committees in October.

Similarly, we recognise the value of engaging with businesses and other specific stakeholder groups on more sensitive issues, including those that we feel would not be appropriate to put into the public domain. Ahead of and during trade negotiations, DIT engages with relevant businesses and stakeholder interests to share information about any potential policy trade-offs and to inform negotiations. One example is a Sustainability Thematic Working Group with a sub-group dedicated to the environment. To complement these structures the department holds regular roundtables dedicated for engagement with NGOs. DIT also engages with stakeholder groups, including NGOs, on a more ad hoc basis around negotiations in order to hear views.

We are also continuously reviewing the effectiveness of our stakeholder engagement structures more widely. Reviews of membership and functioning of its engagement groups, such as the Trade Advisory Groups (TAGs), Thematic Working Groups (TWGs) and Strategic Trade Advisory Group (STAG), for instance, took place over the summer and the results of these are now being considered by Ministers. These groups have brought together a wide range of stakeholders such as Green Alliance, the TUC and Which? through the Department's STAG and the Trade Justice Movement through our TWGs, which helps to inform our overall approach.

Finally, DIT has committed to undertake monitoring and evaluation of its free trade agreements as detailed under the response to 2a and 2b earlier in this letter. This will enable further transparency and scrutiny to inform future trade policy.

Human rights and environmental priorities

The UK is a leading advocate for human rights around the world and we remain committed to the promotion of universal human rights. This is undertaken separately to negotiations on free trade agreements. This department and the Foreign, Commonwealth and Development Office work closely together in ensuring discussions relating to trade are consistent with international human rights obligations and support efforts to promote human rights.

The UK also plays a leading role globally on the challenges of tackling climate change and environmental issues. This department works closely with others, such as the Foreign, Commonwealth and Development Office, Department for Environment, Food and Rural Affairs and the Department for Business, Energy and Industrial Strategy to take an international approach on these issues. The UK is a leading advocate for bringing together the trade and environment agendas in multinational forums, including at the WTO. We also seek to negotiate environment provisions in our Free Trade Agreements and to strengthen cooperation on climate change and the environment. DIT supports UK businesses to capitalise on the commercial opportunities of the green transition and support the UK's environmental goals. We work to attract foreign capital to help build the UK's green industrial base, and to boost green exports through our Clean Growth Campaign and by deploying UK Export Finance products.

Recommendation 6: Making further commitments to support robust and timely Parliamentary scrutiny.

The formal exchange of letters between DIT and the Lords International Agreements Committee in May this year details the current scrutiny arrangements across the entire FTA life cycle. This framework ensures my department provides comprehensive information to Parliament to support its vital scrutiny work.

We have said that we will continue to review arrangements as our first new FTAs are scrutinised, to ensure that the framework remains robust and fit for purpose. Accordingly, since May Ministers have made additional commitments in response to specific requests from the International Trade Committee and Lords International Agreements Committee. These include that:

- we will not commence the formal scrutiny period under the Constitutional Reform and Governance Act for a minimum of 10 sitting days after publishing our reports on the impact of new deals on certain domestic agricultural standards. This will ensure select committees have time to consider those reports before CRAG;
- within two weeks of signing a new FTA we will offer the International Trade Committee dates for Ministers to give evidence; and
- we will engage more closely with select committees prior to mandates being set.

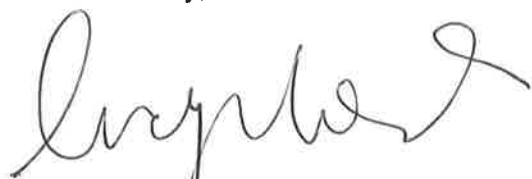
Following requests from the International Trade Committee, the Government also held a debate in Government time on the Australia and New Zealand FTAs on 14th November.

The International Trade Committee recently published a report entitled "*UK trade negotiations: Parliamentary scrutiny of FTAs*" which reflects on the committee's experience of scrutinising the Australia and New Zealand FTAs. This report is being carefully considered and a full response will be sent to the committee by 6th January 2023.

I hope the above information answers your outstanding concerns. Please let me know by reply if there is any further information the Department can provide on them.

I am copying this letter to the Comptroller and Auditor General, the Treasury Officer of Accounts, the Permanent Secretary at Defra, the Chair of the International Trade Committee and the DG Trade Negotiations at DIT.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Crawford Falconer', written in a cursive style.

Crawford Falconer
Interim Permanent Secretary
Department for International Trade