



Department for International Trade

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Angus Brendan MacNeil MP
Chair, International Trade Committee
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Dear Angus,

Thank you for your letter of 1st May requesting briefing on DIT's progress on EU Exit preparations. I apologise for the delay in response which was due to an error in processing.

My Department continues to prepare for EU Exit in line with guidelines agreed with the Department for Exiting the EU. As requested, this letter provides an update on the establishment of separate UK schedules at the WTO, the establishment of the Trade Remedies Authority, accession to the GPA and continuing application of EU trade agreements. Additionally, I have provided an update on my Department's approach to Free Trade Agreements, Trade and Investment Promotion and Business Readiness for EU Exit.

WTO

As I have set out before, to ensure clarity and predictability for WTO Members as we leave the EU, our UK-only schedules will replicate as far as possible the substance of our current commitments, which are currently found in the EU's consolidated goods and services schedules. Our future schedules, which show our legally bound rates and terms of trade, will form the foundation of the UK's future trade policy.

I wrote to you on 19th July indicating my intention to send our UK-only goods schedule to the WTO for certification. This process began on 24th July. WTO Members now have until 24th October to assess our schedule. Whilst we expect our overall approach to receive support, we anticipate that a number of WTO members may have reservations about the handling of Tariff Rate Quotas and we will continue engaging with them to address any substantive concerns that they have. A move to formal negotiations within the framework of GATT Article XXVIII negotiations would provide a mechanism for completing the legal process. During that process, our schedule would remain uncertified, but this will not impact on trade. The UK will continue to trade on the terms we set out in July while we complete the certification process.

With regards to our UK-specific services schedule, when I wrote to you in May I explained we had informally shared this in confidence with the WTO Membership. We have engaged extensively with WTO members in Geneva on the basis of this informal draft schedule. DIT officials are now preparing a final version of our services schedule, taking into account feedback from WTO members, while retaining our technical rectification approach. We intend to launch the formal certification process for the services schedule towards the end of the autumn. This process includes 45 days for WTO members to raise formal objections to the certification of the schedule. If objections are raised, we will take a decision on suitable next steps, based on the nature of the objections. However, as with our goods schedules, our notified schedule will form the basis of our terms of trade pending resolution of any issues.

As you know, the Government is also undertaking a process to continue the UK's participation in the Government Procurement Agreement (GPA) after our withdrawal from the EU. This is because, unlike the core WTO, the UK is not a Party to the GPA in its own right, but rather through our membership of the EU. On 5th June, our GPA market access offer, which maintains continuity with our current GPA commitments as an EU Member State, was formally circulated to GPA Parties. I wrote to you separately sharing with you the formally circulated market access schedules. We have engaged technically on this with all GPA Parties since then. At the recent meeting of the GPA Committee on the 17th October, parties agreed to return in November to discuss the UK's accession with a view to providing provisional acceptance should discussions reach a close before then. This was a positive outcome for the UK, and engagement will continue up until this meeting to push for provisional acceptance.

Trade Agreement Continuity

Concerning continuity of EU trade agreements, we are working closely with the Foreign and Commonwealth Office and Department for International Development to secure continuity for the effects of EU free trade agreements ahead of our exit from the EU on 29th March 2019. Discussions with our trading partners have been positive, as demonstrated by the multiple joint statements that have been published between the UK and partner countries including Canada, Singapore, Ukraine, the Southern African Customs Union (SACU) and Mozambique, and the Eastern and Southern African (ESA) EPA States.

It is our duty as a responsible government to prepare for all eventualities, including 'no deal', until we can be certain of the outcome of the negotiations with the EU. In the event of a 'no deal', we will seek to bring into force bilateral agreements with partner countries from exit day. When we reach final agreements with partner countries will depend on our ongoing discussions with them. We have recently published a technical notice to inform businesses of our ongoing work to transition these agreements in time for March 2019, and continue to engage widely with businesses on this issue. This technical notice can be found alongside others on gov.uk.

Trade Remedies Authority

My Department continues to make good progress to establish this important body. As you are aware, on 29th March 2018 I issued a Ministerial Direction to my Permanent Secretary to authorise spending on the implementation of the Trade Remedies Authority (TRA) prior to Royal Assent of the Trade Bill. Following this direction, my Department has taken a number of key steps to ensure that the TRA is ready for day one of the UK's exit from the EU.

I wrote to the Committee on 10th May and published a Written Ministerial Statement to confirm that, following a review of suitable locations, the Government had determined that the TRA will be situated in Reading. The Minister of State for Trade Policy also wrote to the Committee on 11th June to provide a further update on progress, setting out that the Department had begun recruiting specialist and senior roles for the TRA.

Since these updates I am pleased to report that our first members of staff have now started. We have also contracted a training provider to develop and deliver a bespoke training package for TRA staff, in partnership with our experts at the Department for International Trade. Training for the first cohort of TRA staff has begun this month. Other notable developments include launching the pilot of the digital platform that will underpin the TRA's work.

Trade Agreements

My Department is talking to a number of countries about a variety of future trading options, exploring the best ways of progressing our trade and investment relationships, which include new Free Trade Agreements (FTAs). The Government has established working groups and high-level dialogues with a range of key trade partners. Working group discussions include preparatory work on the potential of future trade agreements. We have launched four public consultations, demonstrating our intention to explore new FTAs with the United States, Australia, and New Zealand, as well as potentially seeking accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTTP). We are working to a timeline of being in a position to begin formal negotiations with such key partners after we leave the EU.

DIT Ministers and officials will continue to meet partner countries, businesses and civil society organisations, to work together through the transition out of the EU, and to plan for the future. The UK Government is committed to an inclusive and transparent approach to trade negotiations.

We are also taking a constructive approach to working with the devolved administrations (DAs). Minister Hollingbery has also had productive discussions with his counterparts in the Scottish and Welsh Governments and Crawford Falconer has met his counterpart in the Northern Ireland Executive. My officials have held discussions on multiple policy areas with the DA colleagues and we have also established regular senior meetings. DIT will continue to work with all the devolved administrations moving forward.

The UK also continues to assist developing countries to trade. I am pleased to report that all the programmes which were announced at the Commonwealth Heads of Government Meeting in April 2018, with the aim of boosting sustainable and inclusive intra-Commonwealth trade, are now up and running and are making excellent progress. For example, 1300 women entrepreneurs have registered for the new SheTrades programme, which supports women-owned business to export, and over 20 countries have signed up to the Commonwealth Standards Network, which will help Commonwealth countries to identify the international standards that will do most to further their development objectives.

The Development Secretary and I are working together to ensure that development and global prosperity are at the heart of the UK's trade policy. Free and open trade is a great catalyst for poverty elimination and lasting economic development. The Taxation (Cross-Border Trade) Act, which received Royal Assent on 13th September, allows the Government to implement a UK trade preference scheme for around 70 developing countries and commits to providing tariff free access for Least Developed Countries.

A further update on continuity of trading arrangements with developing countries was also provided to the Committee on 4th September by Minister Hollingbery, who was providing evidence on the inquiry 'Trade and the Commonwealth: Developing Countries'.

Exports Strategy

You will be aware that I launched the Government's new Export Strategy on 21st August. Our ambition is to make the UK a 21st century exporting superpower. We want to raise exports as a percentage of GDP from 30% to 35%, towards the top of the G7 by this measure. This strategy lays the foundation for how we plan to support businesses in the years ahead and ensure the UK economy is fit for the future.

It is the beginning of a genuine new partnership between government and business, developed after extensive engagement with range of UK companies. For businesses of all sizes, the strategy sets out a new UK export challenge, a smarter offer, and a new framework to maximise our impact. It is based on the four ways the UK Government can make a difference, in partnership with other providers of export services in the public and private sector: encourage, inform, connect and finance.

This is just the start – in the months ahead DIT will lead work across Government to assess what more we can do to support UK businesses to achieve a step change in their exporting performance.

Foreign Direct Investment (FDI)

In addition to its role in promoting British exports, DIT also works to safeguard and enhance the UK's position as a world-leading destination for foreign investment by targeting Government support where it is most valued and impactful. This will support growth, drive productivity, create jobs and deliver wealth creation across the whole of the UK.

Since its establishment as a department, DIT has cemented its reputation as one of the most respected investment promotion organisations in the world. In April we changed our approach to FDI with the objective of pro-actively targeting DIT promotional support against the projects that have greatest potential to deliver economic benefits across the whole of the UK. This includes comprehensive new metrics to better indicate the impact of FDI on the economy, improved investment services delivered through a new partnership, and the High Potential Opportunities programme, which is identifying emerging sectors, supply chain gaps or other strategic opportunities failing to fulfil their full investment potential due to a lack of market information. Together, these improvements will deliver a flexible, resilient model for promotion, capable of responding to changes in the investment landscape—either from macroeconomic uncertainties driven by protectionist policies and on-going security and political concerns in key markets, or from short-term uncertainties as we leave the EU.

Business Readiness for EU Exit

DIT is committed to helping businesses take advantage of global demand for British goods and services as we look towards leaving the EU. Working with BEIS, HMRC and other Departments across Government, we are developing plans to make it as easy as possible for UK businesses to continue trading internationally after Exit and maximise Exit opportunities. We are similarly developing plans to engage and inform overseas businesses and investors, maintaining imports and promoting the UK's global reputation as a country that is very much 'open for business'. Businesses will be able to draw on extensive existing international trade support in all EU Exit scenarios. In addition to DIT's regional advisory networks, sector teams, extensive overseas network and international events programme, this support includes digital tools and export opportunities available through great.gov.uk, £50bn of export support available through UK Export Finance, and the Government's new Export Strategy, detailed above.

yours sincerely,


THE RT HON DR LIAM FOX MP
Secretary of State, Department for International Trade
& President of the Board of Trade

