



**UK TRADE & BUSINESS
COMMISSION**



UKTBC POST-SESSION REPORT: FRAMEWORKS FOR FUTURE TRADE DEALS

APRIL 2023



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1. INTRODUCTION

The UK Trade and Business Commission brings together ten MPs from all nine Westminster parties and all four nations of the UK, along with business leaders and expert economists to provide independent scrutiny of the UK's trade deals and provide recommendations to the UK Government.

Post-Brexit, the UK Government has been seeking to expand the UK's trading relationships both to forge new international connections and to boost the UK economy. However, many of the UK's new free trade agreements have been met with widespread concerns, ranging from fears that they may flood the UK market with imports that undercut domestic

producers, or even drive a race to the bottom in terms of environmental standards.

The UK Trade and Business Commission took evidence on the 9th of February 2023 covering the best approaches that should guide and inform future international trade negotiations.

2. SESSION WITNESSES

- 🗣️ **MICHAEL GASIOREK**, Director, UK Trade Policy Observatory
- 🗣️ **SALLY JONES**, UK Trade Strategy and Brexit Leader, EY
- 🗣️ **MARCO FORGIONE**, Director General, The Institute of Export and International Trade
- 🗣️ **CLAIR GAMMAGE**, Professor, Director of Global Engagement, University of Exeter Law School
- 🗣️ **ELITSA GARNIZOVA**, Founder and Director, LSE Consulting's Trade Policy Hub
- 🗣️ **MUSTAFA QADRI**, Founder and Executive Director, Equidem Research and Consulting

3. KEY FINDINGS

3.1 Trade deals should complement and build on a coherent UK industrial and climate strategy.

3.2 Improved and increased consultation with UK business and civil society will improve the focus and outcome of trade negotiations.

3.3 The UK Government risks overlooking the impact of new trade deals on human rights and climate goals, both at home and abroad.

3.1 AN INTEGRATED AND STRATEGIC APPROACH

Due to the lack of cohesion and consultation with key stakeholders, the UK Government approach to trade deals is fragmented and inconsistent.

Our experts agreed that trade deals should complement and build on a coherent UK industrial strategy.

It is particularly important that a broad range of policy areas are strategically joined-up to create beneficial trade agreements.

“Only when we’ve got that central coherence are we really going to see the benefits of any of the free trade agreements.” - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

“I think we need a much clearer articulation of a trade strategy and how it links to an industrial strategy.”
- **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**

“I think that there seems to be a recognition that the changes that were made recently I think are positive, but we need to see much more focus on a comprehensive approach to industrial and trade processes and procedures.” - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

“I would say that there’s no strategic linking between the various silos of the policy units that are built up and that we’re sorely lacking as a country having a discussion about where the winners and losers in any trade negotiation should be.” - **SALLY JONES, UK TRADE STRATEGY AND BREXIT LEADER, EY**

“I think that the Government hasn’t really had a comprehensive integrated strategy with regards to how they deal with trade, Sally has mentioned we’ve got an export strategy but we don’t have an import strategy, we’re not really linking any of that with a broader industrial strategy or a sense of where our priority industries are and what the reshaping of the supply chain globally is going to mean for the UK.”
- **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

“I think that point that was raised earlier about linking up the external and the internal, how does our external trade policy feed into the domestic industrial strategies, that to me is really lacking at the moment.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

“The recent history of the way in which policy has been developed is somewhat questionable because of a lack of integration across Government.” - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

Building a coherent and integrated approach to trade allows trade policy to incorporate the UK's priorities effectively. Our witnesses made it clear that future trade deals need to build international relationships that will support the UK's long-term industrial and climate strategy.

"Thinking about where do we want to be, where do we see ourselves in 5-10 years' time, what are the key priority sectors and what are the current problems in those sectors or emerging problems and car batteries is clearly going to be a major issue for the UK automobile industry which is a key manufacturing industry within the UK, and it's really thinking about what are the barriers to investment, what are the barriers to trade and how can trade policy support that. Trade policy is never going to be the answer, but trade policy can support the transition and the emerging challenges that we face." - **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**

"One of the also areas of improvement is how we, again this is the point of linking internal and external policy, and firstly on so what will be the demands in the UK because of the climate transformation, so what will be our need as a nation to move to net zero and what would that be in terms of the demands of critical raw materials and how do we reflect that in our trade strategy and in our FTAs. So, this is one of the things that we can definitely be more proactive about, about linking how do we make linkages with energy and raw materials in trade agreements and what we need." - **ELITSA GARNIZOVA, FOUNDER AND DIRECTOR, LSE CONSULTING'S TRADE POLICY HUB**

"Global trade politics are becoming much, much more interventionist than they were even year, two, three years ago and this is on all sorts of grounds that countries are increasingly intervening on trade. National security is often touted as a reason and it's used perhaps as a bit of a catch-all, economic security and we see an introduction of policies both at US, EU and so on with regard to technology, notably semiconductors, green technologies, the IRA act and the EU's response last week, the green subsidies regulations and so on. [...] We are facing quite a challenging and interventionist policy environment which the UK, it's not clear to me how the UK is responding to that and I think it needs to." - **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**

"I would say for me the big topics are moving away slightly from trade itself but the linkages to national security, particularly economic caution, the climate transformation, so these are topics that have become a lot more prominent in the trade policies of the trade policy and engagement of other countries and our key trading partners and I feel that we need to do some catching up when it comes to those, I would definitely point out to national security and climate as the two big things to be strengthened." - **ELITSA GARNIZOVA, FOUNDER AND DIRECTOR, LSE CONSULTING'S TRADE POLICY HUB**

"I think there is more that the UK could do, probably engaging with plurilateral solutions as opposed to sort of strictly speaking multilateral WTO or the more bilateral FTA solutions." - **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**

3.2 LISTENING TO UK BUSINESSES AND CIVIL SOCIETY

Currently, the UK Government's trade approach does not take adequate account of UK businesses' priorities.

While there was some agreement that the UK Government had successfully liaised with key stakeholders post-Brexit, witnesses outlined that there should be a better understanding of what UK businesses need trade deals to deliver.

The UK Trade and Business Commission found that there is not enough consultation with UK businesses throughout the trade negotiation process and more can be done to help businesses utilise opportunities once new trade agreements have been made.

"I think another area with regards to the conversations and discussions that take place around the negotiations of free trade agreements, I think there could be a lot more to ensure that the voice of business is taken into consideration and is used as part of that negotiation and a much more regional national based input as well to those negotiations. I think those are areas where there are still room for improvement moving forward." - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

"The best deal will come if you have consultation with different stakeholders throughout that process and that goes back to Marco's original point, you have to bring businesses in and bring in those stakeholders of who is going to benefit from that and bring in other organisations as well. So I think a good deal will come from taking time to establish what your priorities actually are, and having consultation around what those priorities are and should be for the short-term and the long-term." - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

"There has to be clear input and engagement from the regions and the nations of the United Kingdom and a genuine engagement with the business sector and that's businesses of all size, because we can't just focus on the large multinationals or even the medium size enterprises." - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

"I think that consultation is key and consultation and participatory processes in the design and development of trade policy is really important. How you actually mobilise that I think is a different matter, it's very complex. I think there has to be this kind of feed in process of the regional through to the national and within that you want stakeholders from different backgrounds, not just businesses but also civil society organisations who may well be able to tell you about certain impacts that people within the locality have." - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

A process that prioritises stakeholder participation could go beyond business representation to also seek engagement from a broad range of groups such as consumers, Trade Unions, and academics.

"But I would also add to that that there are other stakeholders, which the Government should also be engaging with, such as consumers and TUC and so on. So if you look at for example the DIT's trade advisory groups, has a whole range of trade advisory groups which supposedly feed into the formulation of trade policy. They are almost universally dominated by business representation, they've got very little representation from consumer groups, very little representation from worker groups or from the TUC and so on, and almost no representation, forgive me I will waive the flag, from if you like independent academic groups that might feed into that process. So I think consultation is incredibly important, I'm not sure that the Government at the moment does it as comprehensively and as well as it could." - **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**

This approach requires cohesion across departments that is currently missing from trade policy approaches as a whole.

"I think there's a real challenge of that coordination, of the engagement with stakeholders in that you've got different departments asking slightly different questions on the same theme going out at the same time and even within departments, departments asking repeatedly for feedback and input which is challenging for businesses, particularly to get their SME's engaged with and you end up with a disconnect and the businesses not engaging with the process fully, because of that lack of coordination across the piece." - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

All witnesses agreed that businesses need more support from the UK Government in order to utilise opportunities delivered by trade agreements.

“Looking practically as to the question whether they are delivering benefits, we had a webinar with 500 of our business members at the end of last year around the free trade agreements and it’s clear that there’s a real lack of understanding amongst businesses as to what it means for them and how they can seize the opportunities that the free trade agreements offer and we see that in real time because there’s a poor take up of the opportunities around the free trade agreements. So I think they have the potential to deliver economic benefit, to deliver business opportunities, but the business community is really struggling to understand how they use them or understand what the implications of those free trade agreements are, so I think there’s a significant piece of work that needs to be done around that education, information and support around the free trade agreements.” - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

“In terms of market access cases, and indeed trade remedies, I’m not convinced that British business in particular has understood quite the extent to which the landscape has changed and that there may be opportunities for challenge that hadn’t previously existed before and more work around that from a comms and engagement perspective would be really useful.” - **SALLY JONES, UK TRADE STRATEGY AND BREXIT LEADER, EY**

“Is there enough understanding amongst business over how they can utilise the free trade agreements and the terms of them, no. And we’ve evidence of that as I say both from our members, the wider trade community and statistics will show that they’re not really being utilised.” - **MARCO FORGIONE, DIRECTOR GENERAL, THE INSTITUTE OF EXPORT AND INTERNATIONAL TRADE**

“I think the key thing is around educating businesses as to what’s available and what might have changed. As I’ve said before with some of the smaller businesses in particular, navigating this new landscape is really challenging and I do actually think the Government departments have done a considerable amount of work to try to educate alongside other consultancy firms, but there is a real lack of understanding.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

3.3 INCORPORATING HUMAN RIGHTS AND CLIMATE CHANGE GOALS IN TRADE DEALS

Post-Brexit, the UK is forging new relationships and has an opportunity to use trade deals to enhance human rights and climate change goals.

There was concern about the UK Government’s shift away from values-based trade approach and the impact this could have both in the UK and internationally.

It was generally agreed that greater attention should be given to the role that trade deals can play in progressing and supporting human rights.

“It’s very clear that the Government is not prioritising human rights and as other speakers have said that integration of a strategy across the board on the rights and also on climate change is really limited.” - **MUSTAFA QADRI, FOUNDER AND EXECUTIVE DIRECTOR, EQUIDEM RESEARCH AND CONSULTING**

“12 out of 38 of the free trade agreements signed in 2021 contained labour protections.” - **MUSTAFA QADRI, FOUNDER AND EXECUTIVE DIRECTOR, EQUIDEM RESEARCH AND CONSULTING**

“It’s an opportunity for British leadership but also to really bed in, because ultimately when it comes to international relations as everyone knows, trade is a really key part of that, it’s the key way in which, it’s the engine room through which we build relationships but also we can build leverages for soft power around things like human rights.” - **MUSTAFA QADRI, FOUNDER AND EXECUTIVE DIRECTOR, EQUIDEM RESEARCH AND CONSULTING**

“What has happened is the political rhetoric has changed completely from saying we absolutely will have human rights as part of our trade policy to now saying that human rights will no longer form part of the free trade agreements and they will form part of the political dialogue that sits alongside those trade agreements. Now on the one hand that might not sound problematic and there is a big debate around whether human rights should be in trade agreements in the first place, but as Mustafa has said actually trade is a really powerful mechanism to mobilise change in different countries.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

“Where we can see quite an alarming shift I think for example is if we look in the context of generalised system of preferences and unilateral preference schemes, for example the US actually suspended concessions to Cameroon because of human rights abuses that were being reported through 2020 onwards. The EU and the UK have not since suspended their concessions with that country or changed their trading patterns with that country.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

Incorporating human rights in trade deals can increase the coherence of international trade policy and protect human rights domestically.

“I’ve been quite alarmed by the apparent shift away from rights informed trade policy in the past two years in particular, I think there’s room for improvement in the impact assessment that seems to be carried out pre free trade negotiation and there is an alarming lack of consideration of real key issues, for example we can talk about the Australia FTA as a relative success for the UK. If you look at the strategic impact assessment there is no mention of indigenous persons in that FTA impact assessment, so I think that question around silos is really important and will the silos between the departments lead to policy incoherence, at a time when we’re trying to create policy coherence in international trade strategy.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

“Human rights and labour rights are actually often about really practical things, if you’re producing medical gloves, you know yes the labour rights of your workers, but is it done in a safe and sanitary workplace, that can have an impact on people that use those medical gloves in the United Kingdom.” - **MUSTAFA QADRI, FOUNDER AND EXECUTIVE DIRECTOR, EQUIDEM RESEARCH AND CONSULTING**

“Human rights is a concern in the UK as well, how is the industrial strategy affecting social progress in the UK, that’s a really important question we need to address. So for me at the moment I would say that UK trade policy is evolving in a way that I think could be quite harmful to human rights and quite harmful not just in terms of its external relations but potentially internally as well.” - **CLAIR GAMMAGE, PROFESSOR, DIRECTOR OF GLOBAL ENGAGEMENT, UNIVERSITY OF EXETER LAW SCHOOL**

“It’s not just about trade agreements, they’re not a panacea, but it’s also about all the things that happen after that.” - **MUSTAFA QADRI, FOUNDER AND EXECUTIVE DIRECTOR, EQUIDEM RESEARCH AND CONSULTING**

It was highlighted that more evidence is needed to demonstrate the impact of this approach.

“I’m very sympathetic to a lot of what has been said, but I’d also say I think it’s one of the trickiest areas or it’s a very, very tricky area when thinking about what is the appropriate role of trade policy with regard to human rights and I think we probably do need to have more evidence on this and more, if you like a national conversation about what it is that we want and what are the acceptable parameters for trading with countries. The actual evidence on whether introducing clauses on human rights and free trade agreements makes a difference to what partner countries do is actually very limited and fairly mixed, there is not a lot of evidence that those provisions necessarily work.” - **MICHAEL GASIOREK, DIRECTOR, UK TRADE POLICY OBSERVATORY**



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