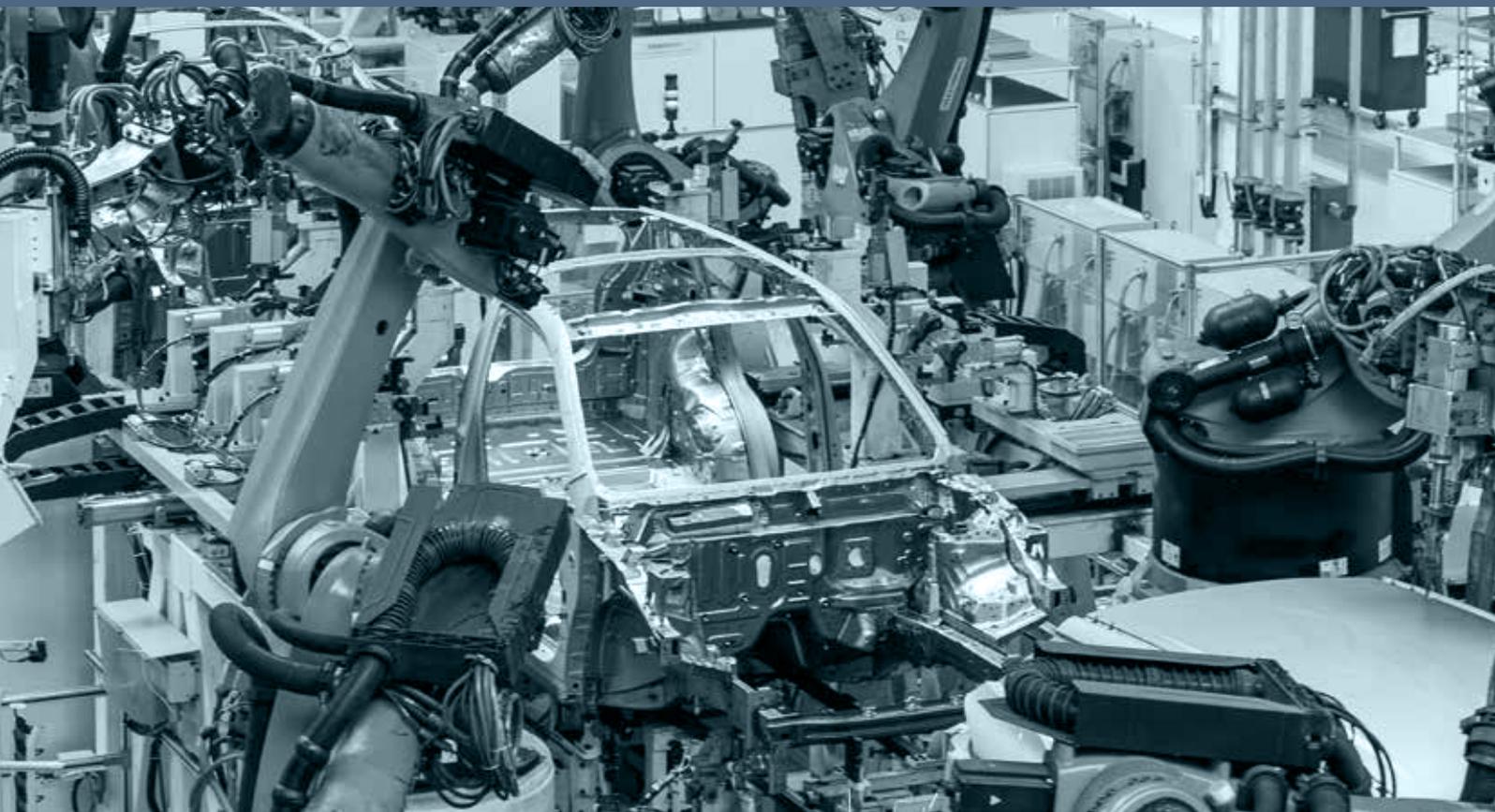




**UK TRADE & BUSINESS
COMMISSION**

UKTBC EVIDENCE REPORT: CREATING A NEW, INDEPENDENT UK BOARD OF TRADE

NOVEMBER 2023



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1. INTRODUCTION

In June 2023, the UK Trade and Business Commission (UKTBC) produced a comprehensive report on the pragmatic steps the UK Government needs to take to improve international trading relationships. The UKTBC blueprint for trade contains 114 distinct recommendations and is the culmination of the evidence taken this year during the programme of sessions and consultation exercise.

The UKTBC has hosted 38 evidence sessions, performed site visits, taken over 80 hours of live testimony from 234 expert witnesses, industry leaders and business owners and received written evidence submissions from over 200 organisations as part of an open consultation.

Throughout the evidence gathered, it became clear that representatives from across UK industry were concerned about the process of policymaking when it came to the UK's trading relationships. The Commission detected a clear appetite from trade experts for better entities which would allow stakeholders to input on trade and which would enable a broad range of voices to be heard by the UK Government so that it is well and broadly informed in its trade policy making.

As a result, the Commission focused one of the areas of its report on the creation and implementation of a new Board of Trade – a consultative body which would allow a broad range of stakeholders to input into UK trade policy making to ensure that inclusion, representation and accountability take centre stage. Modelled on the successful Swedish Board of Trade, a new board of trade should play a key role in analysing UK trade policy options, consulting with key stakeholders, and ensuring transparency and accountability in the trade policy process.

In this panel the Commission explored the implications of the creation of a new, independent UK Board of Trade and considered why it was an important intervention to the current trade policy landscape in the UK.

2. PANELLISTS

- **CHAIR: PROFESSOR L. ALAN WINTERS**, Commissioner of the UK Trade and Business Commission and Co-Director, Centre for Inclusive Trade Policy
- **PETER HARDWICK**, Trade Policy Adviser, British Meat Processors Association
- **SIR VINCE CABLE**, former Business Secretary
- **CLAIR GAMMAGE**, Professor, Head of School, University of Exeter Law School
- **PHOEBE CLAY**, Director, Unchecked UK

3. UKTBC RECOMMENDATIONS

In its report, *Trading our Way to Prosperity: a Blueprint for Policymakers*, the UK Trade and Business Commission has made several recommendations regarding the creation of a new UK Board of Trade .

The Commission has proposed that the Board takes on the following functions:

- The UK Board of Trade would advise the UK Government on how the UK can minimise the trade barriers arising from our regulatory choices and identify areas where the UK can gain economic advantage from actively aligning or diverging from the regulations of our major markets.
- The Board of Trade would ensure trade costs are considered as a formal part of the regulatory process, and inform, assist and consult UK companies on trade and regulatory issues.
- The Board of Trade would conduct an annual survey of UK stakeholder experience of UK trade policy and provide an entry point into government for UK companies.
- The Board of Trade would collaborate with relevant parliamentary committees to analyse and assess the costs and benefits of different trade policy options and provide evidence-based recommendations to the UK Government.
- The Board of Trade would assess the impact of trade policy options on various policy areas such as climate change, employment, and agriculture, to enable the UK Government to make informed decisions that align with its wider policy objectives.
- The Board of Trade would produce a comprehensive annual trade report, modelled on the US and EU trade reports, and which assesses the UK's trade policy developments.
- The Board of Trade board would consist of board members, including representatives from major UK business organisations, trade unions, devolved governments, SMEs, and senior experts in trade and regulation.
- The composition of temporary members would be tailored to the nature of any trade deals under negotiation. By including a diverse range of stakeholders and experts, the UK Board of Trade can ensure that trade policy is informed by a broad spectrum of perspectives and expertise, leading to better outcomes for the UK.
- The Board of Trade would conduct impact assessments of trade agreements to ensure they are consistent with domestic policy objectives and do not have unintended consequences. Such assessments should be evidence-based, considering the potential social, economic, and environmental impacts of the proposed trade agreements.

Since the UKTBC published its recommendations, the Department for Business and Trade has taken steps to change the composition of the board – by expanding the list of advisors – but it remains focused on export with a heavy UK Government influence – and no mandate to produce independent impact assessments.

The Shadow Secretary of State for Business and Trade, Jonathan Reynolds, announced in November 2023 that Labour would make the Board of Trade an independent, horizon scanning entity, accountable to the Secretary of State . He also called for greater scrutiny and parliamentary involvement in the process of trade deal development – something which the UKTBC has also called for.

4. KEY PANEL FINDINGS

1. **A new and independent Board of Trade is a key part of reforming the UK trade policy landscape to ensure it is fit for purpose.**
2. **A new Board of Trade must be independent and evidence-led.**
3. **A new Board of Trade must be transparent and aim to increase accountability in trade policy decisions.**
4. **A new Board of Trade would help the UK maintain regulatory alignment with its most important trading partners – and navigate complex global regulatory landscapes more smoothly.**
5. **A new Board of Trade must engage with and listen to a wide range of stakeholders.**

4.1 A NEW DIRECTION

Through its evidence gathering, the UK Trade and Business Commission heard that trade policy is not working for businesses and consumers in the UK.

Our panellists felt that there is uncertainty around what the UK's priorities are in trade deals, which is holding back trade policy development. Without a clear statement of intent and values, there is a lack of purpose and clarity of the UK's trading objectives.

“For me it keeps coming back to this question around what is UK trade policy, and I’m not entirely sure that I know what it is anymore. We had some very strong statements about it being values-driven and values-led, but it certainly doesn’t seem to be that anymore. There seems to be a real regression from standards and rights and values.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“The level of salience of our trade policy at this point is rock bottom, and it is incredibly odd given we are making major decisions about our future in the world, about how we want to export standards, and about who we want to have bilateral relationships with.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

“There needs to be a real coming to terms with the fact that trade needs to be brought up the agenda.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

With particularly challenging economic and geopolitical conditions, the panel stressed that there must be an intervention into the current status quo of trade policy in the UK. While trade can play a key role in boosting the UK's economic growth, the current approach of the Board of Trade and UK Government is insufficient to capture these benefits.

“We clearly needed a change of direction on trade matters.” – **SIR VINCE CABLE, FORMER BUSINESS SECRETARY**

“My real concern at the moment is that if we don’t do something then we’re going to end up in even bigger trouble than we are already in.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“Development is also an internal matter for the UK, poverty levels are rising and we have a cost of living crisis. [...] Trade can play a key role in boosting economic growth but if you have an outward-looking board of trade that is only dealing with exports, you're not addressing some of the concerns that happen within your own borders.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

Therefore, our panellists noted that a new, effective Board of Trade would be a welcomed intervention to the current trading landscape in the UK. The UK has the opportunity to shape the Board of Trade in a way that best serves the UK economy and brings increased attention to trade policy as part of the broader economic and social environment of the UK.

4.2 AN INDEPENDENT, EXPERT BODY

On our panel, there was general agreement that a new Board of Trade must be independent and led by an ethos of expertise and evidence.

Our panellist, Peter Hardwick from the British Meat Processor Association, stressed that there was evidence of a lack of expertise in UK trade policy decisions post-Brexit. Without effective inclusion of expert voices, considerations of the balance between trade benefits and trade-offs and the technical aspects of trade can be lost.

“When I look at the trade deals that we’ve been doing, not many so far, it is quite clear to me that there’s been no thought to the impact of those: no thought of the balance of those trade deals, no thought in terms of the technical consequences.” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

While our panellists recognised that there would always be a political aspect to trade policy decisions taken by any UK Government, an independent Board of Trade would complement existing trade structures by providing focused, evidence-led, and agile expertise.

“I think it is about trying to explain from an unbiased perspective with informed evidence whatever it is being tasked to do and that is a very important function in a democratic state.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“A new Board of Trade would complement existing structures through more focused expertise” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

Looking to other examples, such as the Office of Budget Responsibility, can provide evidence as to how an independent Board of Trade would improve the UK’s approach to trade.

“The fact that you have a body with the respect of the OBR, just to have it putting out evidence and cost-benefit is in itself an useful thing to have. It is also antiseptic, not just for the kind of things Governments do behind closed doors, but also for the sillier kind of politics.” – **SIR VINCE CABLE, FORMER BUSINESS SECRETARY**

In the case of the meat industry, opportunities have been lost because decisions were not guided by expert input. Peter Hardwick felt that in terms of the UK’s trading relationship with Europe, the exclusion of an SPS agreement is an example policy ignoring the input of industry experts who warned that the cost of certification would be an insurmountable burden for many meat producers. He also explained how the Australia deal is another example of how trade deals can damage the domestic market.

“I’ll take an example of the Australia deal, the European Union is in the process of trying to negotiate a deal as well with Australia and it is held up. It is held up because they are listening to stakeholders saying hang on a second, if you have a broad brush agreement where you can bring any volume of beef in without any restrictions whatsoever, you are going to damage our industry. We tried to warn the Government that that is going to happen and it is a fact right now that Australia is right in the middle of another drought and when they have droughts they have to slaughter animals in large quantities. They can’t get the money for those animals in the Far East, where we all thought it would go, it is going to come to the UK at low prices and damage our industry. If industries cannot on their own get that message across, there needs to be a mechanism that feeds in, in terms of that level of expertise. In my point of view, this is how a Board of Trade would complement other structures.” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

A new Board of Trade that creates evidence-led policy recommendations could correct the imbalance currently felt by industry between political and economic priorities and hold the UK Government to account when making trade-offs that have damaging consequences for UK businesses.

4.3 TRANSPARENCY AND ACCOUNTABILITY

Transparency is a key part of any Governmental framework. Currently, the process for making trade deals sees a huge degree of responsibility and agency placed upon the executive, while Parliament has to resolve not to ratify a trade treaty in order for that treaty not to enter into force .

Enabling greater participation in the policymaking process for trade is an important step forward in order to allow UK institutions and industry to truly make their voice heard on the world stage. A Board of Trade with a genuine ability to scrutinise trade policy, which is inclusive in its make-up, is a democratic step forward for UK society – and should be undertaken in order to further the inclusion of society in the development of trade policy.

As we develop more independent trading relationships now we are no longer part of the EU, our panellists stressed the increased importance of scrutiny in trade.

“We are seeking to develop trade outside of the EU, so we need to make sure it is done in the best way.”
– **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

“The European Parliament is not the best example per se, but at least it provides a level of scrutiny over the Commission in the way we currently lack here.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“If trade policy is seen as something marginal to the day-to-day public conversation, the scrutiny point becomes very important.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

“[The Board of Trade should perform] scrutiny of the scrutinisers if you will, to ensure that whatever questions are being asked are being asked on the basis of public interest or environmental concerns, and our economic priorities.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

Our panellists felt that if there had been better scrutiny of the current UK’s current trade deals, the outcomes would have been different. The TCA and Australia trade deal are notable examples of this, where despite industry consultation, concerns have been ignored and there is no accountability to the evidence that was given.

Where trade-offs do have to be made, a Board of Trade can ensure risks are known.

“We are in a situation in the food industry where we have massively increased costs and complexity because of a badly created and badly crafted deal with the EU. At the very least, in terms of people understanding the risks they are taking, it is essential that it is done transparently and that everyone understands it.” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

4.4 REGULATORY ALIGNMENT

The UKTBC has recommended that the new Board of Trade would advise on regulatory policy and identify areas where the UK can gain economic advantage by actively aligning or diverging from the regulations of our major markets.

Our panellists agreed that a key priority for the Board of Trade should be to help maintain regulatory alignment with the EU. This should be approached with a matter of urgency, to prevent divergence and provide regulatory stability for UK businesses.

“There is a whole range of things that the Board of Trade could do, but the regulatory space, particularly with the EU, is one that needs to be ironed out with a matter of urgency, otherwise we are going to see our own economic growth stagnate further and further.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

Our experts outlined that regulatory alignment is a fundamental principle of liberalising trade. Now that the UK is outside of the European Union and Single Market, it becomes more pressing for the UK to develop a proactive commitment to regulatory alignment with our most important trading partner.

“The whole purpose of trade deals is actually about regulatory alignment. Once you’ve got rid of tariffs and quotas, which is certainly the case with the EU and is the case with much of the rest of the world, that is what you’re left with. Those are the obstacles of trade. That is why the Single Market was created. If we are going to have to create it in a new form, regulatory alignment will be the basis of it.”
– **SIR VINCE CABLE, FORMER BUSINESS SECRETARY**

Clair Gammage and Peter Hardwick suggested that if there had been an expert body coordinating evidence and expertise at the time of the UK’s departure from the EU, it is likely that they would have called for regulatory alignment with the EU to be maintained. This demonstrates the important function the Board of Trade could play in preventing unnecessary trading barriers.

“We wouldn’t be talking about red lanes and green lanes or sausages not being exported, if they had a group of people coordinating the masses of information that was being produced by agencies, academics, policymakers, and people in industry who could recognise that regulatory divergence with the EU is problematic. I think that, in part, because there was a diffusion of knowledge and it was not coordinated through one channel, it was easier to ignore and it was easier to bat it away.”
– **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“Regulatory alignment where you have to comply anyway is certainly something that should have been considered. If we’d had an advisory panel we’d have said, ‘Look stick with alignment for a few years at least to see where it goes and then we can look at it again’, but I do think there is an opportunity there to look at alignment type arrangements.” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

Post-Brexit, the UK’s approach to trade has not upheld a core set of regulatory standards or demonstrated a commitment to the values that underpin them. A new, independent Board of Trade could have a role to play in championing high standards and ensuring that UK trade policy remains instep with these standards.

“Accessing different markets does give different opportunities, and it can enable you to get things much cheaper, but at what costs socially to UK citizens and consumers, and at what cost to exporters?”
– **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

“When we look at the trade deals that we have signed so far, they have had nothing on animal welfare. It is very difficult to apply animal welfare under WTO rules, we know that. But it is not difficult to include them in a trade deal. [...] We know there are practices in Australia and New Zealand that we simply would not allow in our country [...] I do think there are opportunities there that not only do we want to look at alignment with the European Union but we want to sit down with our partners in Australia and say, ‘no, we have a set of rules here and we are not going to take meat from your market if it is produced this way.’” – **PETER HARDWICK, TRADE POLICY ADVISER, BRITISH MEAT PROCESSORS ASSOCIATION**

“I am really delighted to hear the consensus around one of the key areas of focus for the board to be on alignment. Not on the basis of how low we are prepared to go to get the deal over the line, but on the basis that we have standards. They are really important standards and we have put them in place because we want to eat safe food, we want workers to have a fair deal, and because we believe in tackling the climate emergency.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

“For me it is absolutely critical, and we have talked to members of the public about this, that the idea of a race to the top with trade really does resonate. We should be in the business of pursuing better things and exporting what we are good at [...] There should definitely be an ambitious agenda and the board should really be part of the drive for that kind of vision.” – **PHOEBE CLAY, DIRECTOR, UNCHECKED UK**

4.5 STAKEHOLDER ENGAGEMENT

The UK Trade and Business Commission has advocated for consultative trade policymaking, calling for a new Board of Trade that is genuinely representative and inclusive. The new, independent Board of Trade should include representatives from: big business, SMEs, consumer groups, unions and senior policy experts .

Our panellist Clair Gammage highlighted that the UK should be learning lessons from other countries that more successfully integrate a broad range of stakeholders into trade policy. This, she argued, captured the social and environmental aspects of international trade which might otherwise be missed or ignored.

While there is an ongoing question of how to balance competing interests, as stressed by our panellists, there is a pressing need to include underrepresented voices in the trade policy process.

“By having a more inclusive and representative board of trade you have an opportunity to give voice to stakeholders who are otherwise not heard.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

For example, trade deals are often not accessed by SMEs. Despite being described as the backbone of the UK economy, they can often be shut out of policymaking processes and unable to access benefits of trade deals.

“The majority of trade agreements are not accessed by SMEs, they are accessed by the large corporations, the tariffs and the preferences are accessed by the big groups. If we really want to promote or stimulate economic growth from our MSMEs and SMEs, there is a role here for being able to give voice to them.” – **CLAIR GAMMAGE, PROFESSOR, HEAD OF SCHOOL, UNIVERSITY OF EXETER LAW SCHOOL**

Phoebe Clay also asserted that there needs to be a level of consultation with civil society that is not tokenistic by creating the approach of “genuine ears on the ground” in order to ensure that trade policy is connected to what civil society prioritises, such as high standards, environmental protections, and affordable food.

