

DIT Consultation: Preparing for our future UK trade policy

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Summary

- Which? strongly supports the Government's commitment to develop a future trade policy in an open, transparent way that works for businesses, workers and consumers. Which? looks forward to further engagement with the Department for International Trade (DIT) to ensure that consumer interests are central to the future approach.
- Which? has supported previous free trade deals that can bring consumer benefits. The approach to future deals must be structured in a way that learns the lessons from the Transatlantic Trade and Investment Partnership (TTIP) and ensures that issues that led to public concern are addressed from the outset.
- The UK's immediate priority has to be to secure a deal with the EU that allows free and frictionless trade to continue. Failure to achieve this could have severe consequences in terms of availability, choice and price of goods for consumers.
- Beyond this, there are opportunities to open up trade, seeking new deals with third countries which have the potential to increase choice and availability and lower prices for consumers. Success will depend on engaging consumers fully and effectively in shaping our negotiating priorities and understanding consumer benefits
- The UK will need to ensure sufficient safeguards are in place, including effective checks on compliance, in order to deliver the Government's vision for a trade policy based on high standards of consumer protection. However, we start from a low base as existing UK safeguard regimes are already inadequate and under pressure. This vision should be made explicit within the DIT's future trade policy principles.
- Which? recognises the need to develop a new trade remedies regime and establish a Trade Remedies Authority, but decisions must also include an explicit "public interest" (rather than the proposed "economic interest" test) to ensure consumer interests are taken into account and the UK does not become unjustifiably protectionist.

Introduction

Which? welcomes this opportunity to submit comments on the Department for International Trade's White Paper "Preparing for our future UK trade policy". We welcome the Government's vision to "build a future trade policy that delivers benefits not only for the UK's economy, but for businesses, workers and consumers alike".

It is critical that consumers, in particular, are central to the Government's approach. Consumers and consumer confidence are key to the prosperity of the UK and integral to the economy. Every month consumers spend £100 billion in the UK and, in doing so, support UK businesses, manufacturers and employees. Delivering a Brexit which works for consumers will be vital to maintaining this support. This includes ensuring that future trade policy works for consumers, delivers meaningful benefits and ensures that important standards and protections are upheld.

Role of trade in an economy that works for everyone

Opening up trade has brought many benefits for consumers, including greater choice and lower prices for products from clothing to technology goods. We therefore welcome the Government's commitment to work with all stakeholders to ensure the benefits of trade can be widely felt and understood. As part of this, it is important to define consumer interests not solely in terms of lower prices, but also reflecting other important aspects, such as quality, safety, choice and information. We agree that services are an increasingly important aspect of future trade policy.

Trade agreements at the multilateral, plurilateral and bilateral level can help to facilitate international trade for the UK. As the paper recognises, there are opportunities to boost trade with "old friends and new allies". A deep and special partnership with the EU is particularly important given the scale of trade with the EU and the potential implications for consumers if there were barriers to this trade – whether in terms of tariffs, variations in non-tariff barriers or complex customs and border checks.

There needs to be a balanced and proportionate approach to trade protection interventions. In intensifying efforts to be "a global champion for free trade and make the most of new opportunities to push for greater liberalisation", the UK must also promote and uphold the important role of standards and consumer protection as part of any future trade regime and relationships and, as described in the White Paper, take opportunities to promote UK values.

Making trade work for everyone

Free trade can drive domestic businesses to innovate and move up the value chain to compete with cheaper products. However, there is also a risk that the opposite can occur and that domestic producers have to lower standards in order to compete with cheaper imports, if left unchecked and with insufficient standards in place.

The UK must take advantage of new opportunities and Which? welcomes the clear statement that the Government is fully committed to ensuring the maintenance of high standards of

consumer, worker and environmental protection in trade agreements. This must also include high animal welfare standards.

The proposed principles to underpin trade policy must therefore also reflect this and explicitly include the importance of maintaining high standards, including consumer rights and protections.

A crucial element for this to be delivered is a robust system of enforcement checks that can assure consumers and trading partners that there are safeguards to ensure compliance and confidence in UK products. The current system which is reliant on local authorities is no longer fit for purpose under current circumstances and so will not be fit to address a more complex trading environment, where checks on imports will also need to be boosted. There is a real opportunity to develop a world-class, intelligence led, globally linked regime that will generate trust in UK trade as well as enhance domestic controls.

Supporting a rules-based global trading environment

It is important that the UK plays a leading role within the rules-based international trading system and therefore the World Trade Organisation (WTO). In intensifying UK support for robust, free and open international trade rules which work for all and help build global momentum for trade liberalisation, the UK must also uphold Members' ability to maintain important standards and protections.

Which? welcomes the UK's commitment to play a leading role in progressing plurilateral agreements within the WTO, based on the principles that we have set out in this response. This includes the successful conclusion of a Trade in Services Agreement (TiSA).

Boosting trade relationships

It is important to secure a deep and special partnership with the EU that enables the freest trade possible in goods and services between the UK and the EU. Closely following this, the UK must seek to continue existing free trade agreements (FTAs) that it is currently party to through its EU membership. In negotiating the continuation of these agreements, it is essential that there is openness and transparency so that any changes that may be necessary in order to secure a deal, given the changed nature of the relationship, must be clear and open to scrutiny.

Beyond this, there are opportunities to seek new deals with wider countries. It is crucial that the process of negotiating and implementing new trade deals is transparent, efficient and effective. This includes due process in Parliament – and mechanisms also need to be put in place for engagement of stakeholders throughout the negotiations to ensure that any deal is in line with consumer and wider societal expectations. Lessons can be learned from the approach adopted by the European Commission for consultation during the TTIP negotiations.

The Government's clear commitment to both deepen trade links and promote standards is welcome. It is essential to "ensure that consumers are able to have confidence in choosing products which conform to UK values, whatever their budget."

Supporting developing countries

We support the maintenance of a trade preferences scheme that will, as a minimum, provide the same level of access as the current EU trade preference scheme and seek opportunities to support developing countries, while also having the advantage of benefiting consumers through lower prices. As set out above, this must be developed, taking into account the importance of ensuring that standards are not compromised.

Trade remedies

Which? recognises the need to develop a trade remedies regime and establish a new Trade Remedies Authority which will be able to consider the need for remedies objectively, on a case by case basis. Crucial to this is the inclusion of a “public interest test” along similar lines to the current “Union test” within the EU regime, but with a more explicit requirement to also take into account the impact on consumers when determining the need for remedies. The current reference to an “economic test” is not adequate as this is not sufficiently focused on consumers. This approach must also be applied to the assessment as part of the transferral of existing EU trade remedy measures.

Transparency of decision-making will also be crucial so that it is clear how the interests of domestic producers have been considered alongside consumer and other interests and how a decision has ultimately been reached. While legitimate requests for commercial confidentiality should be respected, the presumption should be on disclosure.

A UK-specific threshold for initiating cases, in addition to the basic WTO threshold for the minimum market share required for the domestic industry to bring an investigation, seems appropriate. It is important that the Competition and Markets Authority (CMA) is involved in developing this.

Concluding trade disputes

The UK needs to be prepared to enforce the obligations of trade agreements and develop the capability to participate in every stage of a trade dispute. It is also essential that the UK develops a comprehensive approach to ensure that it is prepared to defend itself against any possible disputes. This includes playing a pro-active role within international standards setting bodies, such as the Codex Alimentarius Commission and International Standards Organisation that would be used as reference bodies in any challenges brought against the UK – for example in relation to Sanitary and Phytosanitary (SPS) or Technical Barriers to Trade (TBT) measures.

It is also important that the UK is prepared to defend the outcome of previous challenges that have been brought against the EU, for example, in relation to beef hormones, ensuring that there is no lowering of consumer protection.

A future customs regime

The Government has set out possible approaches to a new customs regime in a separate partnership paper. This includes two ambitious options that aim to minimise disruption. An



effective and efficient customs regime, that is also co-ordinated and linked into border controls and consumer enforcement, has to be addressed as a priority.

Legislation

The Government has now published the Trade Bill, a first step towards implementing the approach set out in the White Paper. It is essential, in line with the inclusive and transparent approach described, that the Government takes forward legislation in full and open consultation with stakeholders, including consumers. Which? is pressing for amendments to the Withdrawal Bill, so that any use of delegated powers must be restricted to matters that are of a purely technical nature. This should be extended to the Trade Bill. Any measures that have implications for policy, including the level of consumer protection, must be subject to scrutiny.

**Which?
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