

Minutes of 18 January 2021 Committee meeting (public)	
Attendees	
The Committee Stephen Gibson (SG) – Interim Chair (Chair) Jonathan Cave (JC) Laura Cox (LC) Sheila Drew Smith (SDS) Jeremy Mayhew (JM) Brian Morgan (BM) Andrew Williams-Fry (AWF)	RPC Secretariat Stuart Sarson – Head of Secretariat (HoS) BRE Chris Carr – Director of BRE Department for International Trade Make-UK.

A. Introduction and matters arising

1. The Chair welcomed everyone to the meeting.
2. The minutes of the November Committee Meeting were agreed subject to one point of clarification to paragraph 14.
3. **Register of Interests:** The Register was updated to include the changes in declaration of interests reported members.
4. **Gifts and Hospitality Register** – The Register was updated to include declarations of gifts and hospitality.
5. **Staffing issues:** The HoS update the Committee on the staffing issues in the Secretariat.

B. Make UK

6. The Chief Executive of Make UK explained the role of Make UK and summarised the current “state of play” in the manufacturing sector. Make UK is the largest national body in the UK representing the manufacturing industry, representing over 22,00 companies. Covid has had a great impact on manufacturing. Although many companies remained open during lockdowns, they saw a significant reduction in demand and a drop in economic activity. There has been some improvement in the last quarter. Despite support from Government, they were not able to avoid redundancies. Job losses significant were significant in their sector. The final output was 14% down last year. The last time there as such a significant fall was during the financial crisis of 2008.
7. Make UK are working closely with BEIS and HM Treasury as consideration was given to helping the economy recover. The most significant current issue is a potential skills shortage due to labour supply following EU exit. Many businesses are calling for sector specific support such as in Germany and France who have supported their aerospace and motor industry. Another key issue is debt. Many companies are now in debt and will need to find capital investment and recapitalisation programmes. A different approach is needed in the future.
8. Make UK raised the following issues that the government needs to consider:

- **Education** – vital to transform industry. There are not enough technicians and engineers or others with vocational skills. Currently the manufacturing sector is importing highly skilled workers from EU. The government needs to be more ambitious around apprenticeships. Engineering apprenticeship is expensive and many further education establishments are not interested in running them. We need to do a lot more and move towards training and retraining.
- **Fourth industrial revolution** - digitising and digital agenda. The government needs an ambitious plan on smart technology.
- **Brexit** – manufacturing industry is pleased to see a deal without tariffs and quotas. However, concern remains about the harm Brexit is doing to industry. It is causing a lot of delays with a considerable amount of paperwork and bureaucracy adding to the burdens on businesses. Smaller businesses who have traded with the EU on a ‘just in time’ basis is significantly impacted, and the “rules of origin” arrangements hinder the current arrangement. The Government needs to improve and simplify border crossing arrangements to help goods flow as freely as possible.
- **Green industrial revolution** – there is a lot of optimism to develop ‘net zero’ and reduce carbon emissions. The necessary technologies, including carbon capture, will create new industries. UK is the world leader in hydrogen technology and the digitising programme in the fourth industrial revolution which should now become the focus.

9. The Chair thanked Make UK for their presentation.

C. BRE Update

10. The BRE Director provided an update on the key issues that impact on RPC.

D. Scrutiny of Free Trade Agreement IAs

11. DIT explained that the types of trade deals being negotiated could be grouped into four separate categories:

- **Trade Continuity Agreements** – The aim of these agreements is to ensure that UK businesses can continue to trade with partner countries on preferential terms where an EU agreement was previously in place. Recent examples are the trade agreements with Chile, Vietnam, and Cameroon. In total 64 such agreements have been put in place. The department has published Parliamentary Reports on these agreements, not impact assessments. The agreements themselves are laid before Parliament for scrutiny. The objective of these agreements is to maintain trade continuity so they should have a limited impact on business. For this reason, it was not proposed that such agreements needed scrutiny by the RPC.
- **New Free Trade agreements** – These types of agreements are ones which the UK does not currently have a trade agreement. The impact of these agreements could have a significant and wide-spread impact on the UK economy. This category includes trade deals for countries such as, the United States, Australia, and New Zealand. The department sent the impact assessment on the UK-Japan Comprehensive and Economic Partnership Agreement

(CEPA) to the RPC in the autumn last year. DIT aim to incorporate feedback from the published RPC opinion.

- **FTA where review clause is in place** – In a number of cases, DIT made a commitment to go back and review trade deals against the baseline of the transition deal. This category includes trade deals with countries such as Canada where the continuity agreement contained a review clause. Other examples are Norway, Iceland, Lichtenstein, Switzerland, and South Korea.
- **Multilateral or plurilateral agreements** – Such agreements are between a number of members of the WTO.

12. The Committee raised concerns that the four categories appeared to overlap in some regards. The Chair asked that DIT should provide further clarity through a working level agreement, better defining the different categories, and clearly setting out which type would have analysis on which RPC scrutiny would be sought. It would also be helpful to develop a better understanding of the “pipeline” of IAs to enable RPC to plan.

13. The Committee sought clarification on the appropriate baselines to be used in FTA IAs, questioning whether the baseline for the Japan FTA should have been the situation before the UK left the EU rather than WTO terms. DIT stated that they had based the counterfactual on not having a trade agreement which would have meant WTO rules applying.

14. The Committee queried that there might be potential for conflicting impacts of trade agreements, for example an agreement with the US permitting importing chlorinated chickens might impact on EU trade agreement on food standards.

15. The Chair thanked DIT for their presentation.

E. AOB

16. There were no items of AOB.