



Department for International Trade

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Sir William Cash MP
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Thank you for your letter of 10 October about EU countermeasures to US tariffs on steel and aluminium (39698, 39923). In response to the Committee's request for timely updates on EU trade policy, I hope that you received my letter of 23 October which gave an update for the month of October.

Regarding the further information that you were seeking, as you are aware, the Government is establishing a UK Trade Remedies Authority (TRA). The TRA will operate an independent trade remedies system to continue to provide a safety net to domestic industries suffering from unfair trading practices and unforeseen surges of imports after the UK has left the EU and is responsible for its own trade policy. Work is well underway to ensure that the TRA is operational for the time of exit, including securing a Ministerial Direction on 29 March 2018 to begin critical spend on the establishment of the TRA in advance of Royal Assent of the Trade Bill, procuring the TRA's office premises in Reading, and undertaking recruitment and training for the future TRA's senior leadership and staff. On senior leadership, we have completed our recruitment process and I am pleased to announce the appointment to DIT of Sir David Wright as TRA Chair Designate, and Claire Bassett as TRA Chief Executive Designate. Further detail on these appointments can be found in my Written Ministerial Statement to Parliament of 26 October.

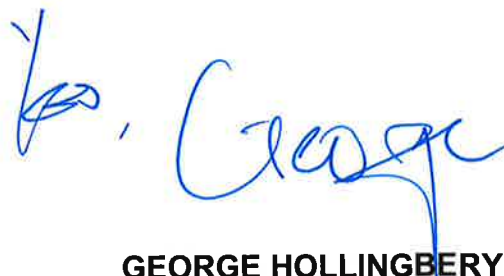
In addition to this, the processes through which trade remedies will be applied have already been legislated for in the Taxation (Cross-border Trade) Act (TCBTA 2018), which received Royal Assent on 13 September. To accompany the primary legislation, the Government has also been developing secondary legislation which will set out the detailed design of the system. In drafting both the primary and secondary legislation, the Department for International Trade has had an ongoing program of engagement with all relevant stakeholders, including UK industry, downstream users and consumer groups, to understand their specific concerns and to provide an opportunity for them to feed in their thoughts. On secondary legislation alone, between February and May we ran a series of roundtables with stakeholders to discuss policy proposals in detail.

The Government intends to lay the secondary legislation in Parliament in due course; the legislation will be subject to the negative resolution procedure, as set out in the TCBTA 2018. We believe that this will provide the appropriate level of parliamentary scrutiny for these regulations since they will contain highly technical detail and serve to codify the UK's international obligations under the WTO. Further information on the justification for the negative procedure can be found on pp. 115-144 of the Delegated Powers Note enclosed with this letter.

Post-exit, where the Secretary of State accepts a TRA recommendation to impose a trade remedy measure, this will be implemented by public notice. Imposing remedies by regulations would risk delaying the application of trade remedies, even when imposing short-term provisional measures to protect industry while the investigation is ongoing. Ultimately, these delays would create uncertainty for business, and would run counter to the approach we have seen in comparable WTO countries, such as New Zealand and Australia. This could negatively affect businesses and the ability of HMG to give protection to UK jobs. Introducing measures by public notice will ensure that UK businesses get the protection they need when they need it, following a rigorous and impartial process conducted by an independent body. The rationale for this was further set out in paragraphs 77, 78 and 463 of the enclosed Delegated Powers Note.

Turning to your question on the application of the FCA, where UK duties are set at a higher level than the EU's. As set out in the Government's July White Paper, *The future relationship between the United Kingdom and the European Union*, where there is a material risk of circumvention we will make it illegal for the wrong tariff to be paid, using risk and intelligence based checks to ensure the correct tariff is being paid. In addition, we will agree a mechanism for remitting tariff revenue, with the precise formula subject to further negotiation with the EU.

I am copying this letter to Angus Brendan MacNeil MP, Chair of the International Trade Committee, The Lord Boswell, Chair of the House of Lords EU Select Committee, the Clerks of these Committees, Les Saunders (DExEU Parliamentary Team) and Edwina Osborne (DIT EU Scrutiny).



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