



c/o British Ceramic Confederation
Federation House
Station Road
Stoke-on-Trent
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Open letter to Greg Hands on the Trade Bill and COVID-19

12 June 2020

Rt Hon Greg Hands MP
Minister for International Trade
Department for International Trade
3 Whitehall Place
London SW1A 2HP

Dear Minister,

Thank you for a useful meeting with Rosa Crawford (TUC) and me yesterday on behalf of MTRA, a broad coalition of manufacturing trade associations and unions.

We noted that you said the role of the non-executive TRA Board members would be to provide governance and oversight and assurance that decisions had been made in a fair manner, in accordance with legislation. You also said that experts on trade would be appointed to these roles who did not have an ideological bias.

We have explained to officials, select committees and ministers previously that the real experts on trade remedies are those who have practical experience of cases and the devastating effect of unfair trade has on jobs and industry – employers and unions in manufacturing. We are concerned that many so-called trade remedy experts are ideologically and dogmatically attached to the view that trade remedies are protectionist. This is a narrow view based on an over-simplistic cost-benefit approach to the analysis of trade remedies in terms of the increased cost of imports to users and consumers versus the benefit to industry from the protection. Of course trade remedies increase the cost of imports, it is the point in the face of proven unfair pricing practices or state distortions. This should not be automatically viewed as a 'negative' if it is correcting unfair practices that distort the market. It can be noted that in a harmonised market such as the EU, with minimum trade barriers and an effective competition and state aid law, trade remedies are not required. However, in the absence of such rules internationally, trade remedies are the only WTO-authorized protection against such market distortions. Although some countries may have used trade remedies in a protectionist way, it would be absurd to take the view that all use of this critical policy tool is protectionist. Yet this is precisely the view that many so-called trade experts have.

MTRA remains concerned that the Bill currently does not guarantee adequate manufacturing representation. We would urge you to amend the Bill to ensure that the non-executive members include at least one UK manufacturing employer and one manufacturing trade union representative.

MTRA also believes the minimum Cabinet Office requirements on KPIs for governance of the Trade Remedies Authority are not sufficient in this situation and the Bill should be more specific about what should be contained in the TRA's annual report as previously communicated with the Secretary of State. We feel the report should also include a comparison with other major trade remedy users such

as the EU and US for similar products. To the extent that the above UK trends differed from the trends of other trade remedy users, the TRA should explain why there are differences. It is important for the TRA to account for any persistent divergences in any of these trends.

In our meeting we noted that the EU has a robust trade remedies system in place, which actively involves domestic manufacturers and unions. Their recent report with a strong narrative, including acknowledgement of risks around unfair trade and COVID-19, has helped provide assurance to domestic manufacturers and their investors of the importance of a reinforced robust trade remedies system to support domestic manufacturers with a level playing field when others aren't playing by the rules.

We look forward to seeing how you address these concerns during the passage of the Trade Bill and we would welcome a follow-up meeting, as you suggested, once the Bill has been passed with all of our MTRA members.

We also raised with you:

1. In these really challenging times for British manufacturers and the importance of every British job, we appreciate just how flexible government's been on coronavirus response so far. We think it would really be helpful to manufacturers and TRID for DIT to have another look at a number of key ways in which UK trade remedies could support this effort.
2. In the case of imports from countries with significant state distortions, we would ask that the possibilities for using regulation 14(1)(b), particularly in the case of China, should be clarified. Guidance from DIT is needed to for TRID to use it.
3. On transition reviews we ask:
 - a. To delay transition reviews, making maximum use of the various areas of discretion within existing UK trade remedies law that would allow this.
 - b. To simplify transition reviews by only recalculating dumping and subsidy margins where interested parties provide evidence of changed circumstances and using Regulation 14(1)(b) to simplify investigations involving China (see above).
 - c. When conducting the economic interest test in the case of transition reviews, the need for economic recovery of UK industry from the COVID-19 crisis should be a factor that is fully taken into account when considering the economic interest of the UK.
 - d. Trade unions be given the status of interested parties with full access to investigations. TUC highlighted the concern that Community was not currently being adequately involved in a case affecting their members.
4. We also said we would welcome taking into account in injury margin calculations the full cost to complainants of imminent environmental legislation implementation. This is particularly important as since the taxation (cross border trade) bill was passed, the UK has implemented net zero legislation.

We look forward to meeting as MTRA with Minister Jayawardena shortly to discuss trade remedy issues further with all our MTRA members. Can officials please advise us of a date and time.



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Yours sincerely

Laura Cohen MBE
Chair, Manufacturing Trade Remedies Alliance

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