



The
manufacturers'
organisation

BREXIT BRIEFING

AN INDUSTRY ENGAGEMENT MODEL FOR TRADE NEGOTIATIONS



INTRODUCTION

For at least 40 years since joining the European Economic Community (now the European Union) the UK has not entered into its own trade agreements with the rest of the world. The UK now finds itself in uncharted territory, with very little experience of conducting trade negotiations and under significant time pressure ahead of its first major trade deal with the EU following the UK's exit from the EU (Brexit).

At the heart of every trade negotiation lies a country's industry. Trade negotiations are entered into to create opportunities for industry which have knock-on effects for the whole economy and wider society. For the UK Government to be an effective negotiator with well-crafted and detailed negotiating positions for each and every issue, a close and united relationship with industry is vital. Only industry can provide Government negotiators with the basis and evidence to effectively develop powerful negotiating positions.

As it lacks independent trade negotiating experience, it is in the UK's interests to learn quickly from other countries' experience so as to have the right framework from the outset.

In much of the Anglosphere (including Australia, Canada and the USA), close consultation with industry is a well-established and integrated pathway which feeds directly into any trade negotiating process. Many of these countries have had decades and numerous rounds of World Trade Organisation (WTO) and Free Trade Agreement (FTA) negotiations to perfect their models of collaboration. The UK needs to learn from and replicate these processes very quickly and just as effectively in what is an alarmingly short timeframe.

WHY IS A SEAMLESS INDUSTRY-GOVERNMENT ENGAGEMENT MODEL SO IMPORTANT?

- Trade negotiations are conducted primarily for the benefit of industry
 - Industry input is an essential building block in informing and advising negotiators
 - As Government is representing industry, it needs to be sure it is representing accurate interests
 - Detailed technical evidence used to form negotiating positions can only come from industry experience
- As part of a comprehensive trade negotiation process Government should first undertake extensive industry consultations to assess the benefits of entering into negotiations
- It also needs to identify potential market opportunities and employment and revenue related benefits for the wider economy and society
- Industry has an important role in identifying key choices and priorities when pursuing trade policies, programmes and services that assist businesses compete in the global economy
- Government needs to work with industry to establish offensive and defensive interests that inform trade negotiating priorities:
 - Consultations help to identify commercially significant impediments to increasing trade and investment in potential partner countries
 - Specific negotiating points need to come directly from industry to inform negotiators of supply chain issues and especially of areas of divergence

WHAT DOES THIS LOOK LIKE IN OTHER COUNTRIES?

- In other countries industry consultations usually occur throughout the entire negotiation process, including before, during and after implementation of an agreement.
- **In the US model**, negotiators work with a series of advisory committees that are established by Congress through which industry can provide their views. These include:

- Tier I
 - President's Advisory Committee on Trade Policy Negotiations (ACTPN):
 - The committee is made up of representatives from non-federal governments, industry, agriculture, small business, retailers and consumers, amongst others, broadly representing key sectors that have a trade interest. A Government trade negotiator also sits on this committee.
- Tier II
 - Agricultural Policy Advisory Committee (APAC)
 - Intergovernmental Policy Advisory Committee (IGPAC)
 - Labor Advisory Committee (LAC)
 - Trade Advisory Committee on Africa (TACA)
 - Trade and Environment Policy Advisory Committee (TEPAC)
- Tier III
 - Agricultural Technical Advisory Committees (ATACs)
 - Industry Trade Advisory Committees (ITACs)
 - As part of the US Trade Representative (USTR) trade advisory committee system, the Department of Commerce and USTR co-administer 16 ITACs, an ITAC Committee of Chairs, and more than 300+ trade advisors, who provide detailed policy and technical advice and recommendations to the Secretary of Commerce and The United States Trade Representative regarding trade barriers, negotiations of trade agreements, and implementation of existing trade agreements affecting industry sectors; and perform other advisory functions relevant to U.S. trade policy matters.
- These committees and members receive access to U.S. negotiating proposals. They also work directly with the negotiators in an interactive process that includes regular updates on the negotiations, the opportunity to review U.S. proposals before they are tabled, and the chance to provide substantial input into

- negotiating proposals and decisions.
- Participants are vetted with security clearances and are required to sign non-disclosure agreements.
 - Negotiating texts are shared with participants and comments are received on an interactive platform throughout the negotiations
 - In exchange Government receives valuable input directly from the industry which informs their negotiating positions
- **Canada** uses a variety of consultative mechanisms to engage Canadians on international policies and negotiations. These include on-line consultations, the Canada Gazette (the official Government newspaper), mail-outs and client surveys. Canadian Government departments also have long-established and formal advisory groups which industry contribute to on both policy making and ongoing trade negotiations. Further into a negotiation process, Canadian industry and Government have held workshops and in depth sessions to establish key industry interests, points of convergence and divergence as well as analysing negotiating positions. Strong and long-established Industry-Government relationships are drawn upon to work through issue and chapter-specific points in the negotiation process where industry and government jointly identify key sectoral issues and priorities to take to the negotiating table. Non-disclosure and commercial-in-confidence agreements are used in the crucial stages of the negotiations.
- **Similarly, in the Australian model** industry working groups have been a long-standing feature of the Government-industry working relationship. These have developed over decades of WTO trade negotiations and Free Trade Agreement negotiations as well as bilateral cooperation agreements, where key industry representatives have participated in confidential roundtable consultation processes for many years. Individual Government departments also hold sector-specific consultation groups that bring in inter-departmental committees to ensure

whole-of-Government cohesion. In addition, independent modelling is commissioned of the possible impacts both before and after negotiations. As negotiating rounds progress, intense, regular working sessions with industry are held to identify core issues and contribute to the crafting of negotiating options. Industry representatives also travel alongside negotiators for some negotiating rounds and support negotiators in the “crunch points” of negotiations to find optimal solutions.

WHAT WOULD WE LIKE TO SEE IN THE UK CONTEXT?

- A formal cross-sector industry-government engagement mechanism that includes:
 - a panel of key, high level representatives acting as an independent Trade Advisory body providing strategic trade policy guidance
 - a coalition of committees made up of industry representatives that schedule a programme of in-depth technical discussions, within negotiating parameters to identify offensive and defensive interests and contribute to negotiating positions.
 - These representatives could be organised into sector and issue specific sub groups
- Developing and implementing an industry training programme for negotiators to familiarise them with key industry issues including site visits to demonstrate issues so they are fully equipped to defend negotiating positions
- Facilitating non-disclosure agreements and commercial in confidence agreements to ensure confidentiality and trust in the process particularly given time constraints
- Setting out processes for transparency and updates on negotiations
- Consideration of a negotiation monitoring process, potentially operating through industry groupings, allowing them to feed back on the operation of the final agreement.

The current Governments of Australia, Canada and the USA as well as the key industry bodies in each of these countries have been consulted in the preparation of this note.

EEF is dedicated to the future of manufacturing. Everything we do, from business support to championing manufacturing and engineering, is designed to help our industry thrive, innovate and compete locally and globally.

In an increasingly uncertain business environment, where the UK is now on a path to leave the European Union, we recognise that manufacturers face significant challenges and opportunities. We will work with you throughout this period of uncertainty to ensure that you are on top of any legislative changes and their implications for your business.

Furthermore, as the collective voice of UK manufacturing, we will work tirelessly to ensure that our members' voices are heard during the forthcoming negotiations and will give unique insight into the way changing legislation will affect their business.

Our policy, employment law, health, safety and sustainability and productivity experts are on-hand to steer you through Brexit with rational, practical advice for your business.

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