

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT DISCLOSURE OF EXPORTER
INFORMATION REGULATIONS 2015

Wednesday 9 December 2015

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IN GENERAL COMMITTEES

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The Committee consisted of the following Members:

Chair: PHIL WILSON

Campbell, Mr Gregory (<i>East Londonderry</i>) (DUP)	† Scully, Paul (<i>Sutton and Cheam</i>) (Con)
† Double, Steve (<i>St Austell and Newquay</i>) (Con)	† Smith, Angela (<i>Penistone and Stocksbridge</i>) (Lab)
† Elliott, Julie (<i>Sunderland Central</i>) (Lab)	† Stride, Mel (<i>Lord Commissioner of Her Majesty's</i>
† Hinds, Damian (<i>Exchequer Secretary to the</i>	<i>Treasury</i>)
<i>Treasury</i>)	† Throup, Maggie (<i>Erewash</i>) (Con)
† Hoare, Simon (<i>North Dorset</i>) (Con)	† Williams, Craig (<i>Cardiff North</i>) (Con)
† Long Bailey, Rebecca (<i>Salford and Eccles</i>) (Lab)	Winnick, Mr David (<i>Walsall North</i>) (Lab)
McGinn, Conor (<i>St Helens North</i>) (Lab)	
† McDonald, Andy (<i>Middlesbrough</i>) (Lab)	Daniel Whitford, Jonathan Whiffing, <i>Committee</i>
† Mak, Mr Alan (<i>Havant</i>) (Con)	<i>Clerks</i>
† Malthouse, Kit (<i>North West Hampshire</i>) (Con)	
† Quince, Will (<i>Colchester</i>) (Con)	† attended the Committee

The following also attended (Standing Order No. 118(2)):

Berry, Jake (*Rossendale and Darwen*) (Con)

Second Delegated Legislation Committee

Wednesday 9 December 2015

[PHIL WILSON *in the Chair*]

Draft Disclosure of Exporter Information Regulations 2015

8.55 am

The Exchequer Secretary to the Treasury (Damian Hinds): I beg to move,

That the Committee has considered the draft Disclosure of Exporter Information Regulations 2015.

It is traditional at the start of these proceedings to say what an unbelievable pleasure it is to see the Chairman in the Chair. On this occasion, that is absolutely true. We have worked opposite each other on Committee before, Mr Wilson, but this is the first time since your elevation that I have seen you in the Chair. It is a particular pleasure to serve under you this morning.

The regulations, which were laid before both Houses of Parliament on 17 November 2015, seek to allow Her Majesty's Revenue and Customs to disclose a limited set of information relating to individual UK exporters and the goods they export outside the European Union.

The following information will, I hope, help Members place the regulations in context. The legislation promotes both the overall growth agenda and efforts to support UK exporters and small businesses. It is also in line with the Government's open data strategy. That seeks to place as much relevant data into the public domain as is reasonable and to reuse collected data for more than one purpose, where it is efficient to do so.

The idea is to bring accurate, reliable information about exporters and their products into a single, easily accessible place. Release of the data will provide greater visibility of UK exporters to potential customers in the global market place; assist developers to create exporter registers and online shop fronts to advertise and showcase UK exporters and their products; enable those who are part of the export supply chain, such as logistics or transportation companies, to identify potential customers more easily; and help importers to locate alternative UK suppliers.

Discussions with departments and external stakeholders indicate that publishing the data will help key Government policies on boosting exports, particularly for small and medium-sized enterprises. I would like to mention specifically that UK Trade and Investment and UK Export Finance say it will help them target their advice and financial assistance more effectively. It will effectively provide free advertising to UK exporters and help foreign buyers to find UK goods online. It will also assist in the reshoring of supply chains.

Organisations that represent SMEs, such as the Federation of Small Businesses, are in favour of releasing the data because they say that that will help their members export more. Publishing this list would allow technology companies to set up services to advertise UK exporters and their goods. The US, China and a

number of Latin American countries have released similar information and websites use this information to advertise companies and the goods they export.

If this kind of web service existed for UK exporters, it would also assist the Department for Business, Innovation and Skills's reshoring strategy by allowing UK companies to find local suppliers for goods in their supply chain, which they currently buy from abroad.

The information to be disclosed will be limited to the following items: the business name and address; a code to identify the type of goods exported, known as the commodity code; a description of the category of goods covered by the commodity code in question; and the month and year of export. Specifically, it does not include the value of the goods, the specific customer or the non-EU country to which they are being sold.

For the benefit of the Committee, I have an example of the existing imports version of this dataset, copies of which are available for Members who wish to peruse it. For the benefit of *Hansard* I will read out the field names: company name; com code, which is the commodity code; description, which is the description of that commodity class; the month imported; and the address. On the document, we can see only the first line of the address, but further lines are available by scrolling to the right of the screen.

It is important to make the point that this type of data has been available publically in relation to importers for many years. That popular service receives about 60,000 hits a month. This measure seeks to bring exporter information into line, to enable HMRC to provide a better quality, comprehensive and joined-up service to UK exporters and others.

Today, HMRC receives many requests from the public and other Government Departments for access to exporter information, which it is unable to provide. HMRC is often asked why it can provide this for importers but not for exporters, a not unreasonable question. The service will be provided without unduly prejudicing the protection and privacy that exporters rightly enjoy.

The information originates from customs declarations made to HMRC at the time the goods are exported. It will be made available via a unique HMRC website called uktradeinfo.com. HMRC hopes to have this service up and running around the beginning of April and there will be no charge for accessing it. Full publicity will be made available by HMRC nearer the time through a variety of channels. This will be targeted to reach all exporters whose details it is reasonable to foresee will be published. HMRC will use not only gov.uk and its own website, uktradeinfo.com, but its own forum for engaging directly with trade representatives in the international trade sector, the joint customs consultative committee.

The same legal disclosure standards relating to importer information will be applied and the same website will be used to disclose the information. Commercial confidentiality will be protected to avoid disclosure where there are fewer than three exporters exporting goods in the same commodity code in the same month. This mirrors the arrangement for importers. Information relating to the export of sensitive or strategic goods will similarly be protected from disclosure. Again, this mirrors what is already in place for importers. At present, importers may write to HMRC to request removal or opt-out from the disclosure of importers' details. HMRC plans to match this opt-out facility for exporters.

9.1 am

Rebecca Long Bailey (Salford and Eccles) (Lab): It is a pleasure to serve under your chairmanship today, Mr Wilson. I thank the Minister for his thorough introduction to the measure before us today. I am quite blessed; this is the second time this week that we have debated opposite each other.

As we have heard, the draft regulations permit the disclosure of certain information about exporters and the goods they export. This includes the business name and address, the commodity code, a description of the commodity code covering the goods and the month and year of export. Powers to introduce such regulations were provided by section 10(1) of the Small Business, Enterprise and Employment Act 2015. Although we took issue with many aspects of the Act, the Opposition did not oppose the creation of these powers, nor shall I oppose the enactment of the regulations today.

Indeed, this measure is an example of public sector information, infrastructure and investment playing a critical role in supporting the success of the economy as a whole, an approach that we all advocate more widely. Similarly, I am sure we all have an interest in successful exports that stimulate growth, not least in manufacturing, and create good jobs for our constituents. This is something that I am particularly passionate about, because my own constituency of Salford and Eccles has historically been a hub of both industry and export, with the two of course being linked. Nor is this a matter simply of history. I hope that Port Salford will be Britain's first tri-modal inland port, but the investment and jobs that go with that are of course dependent on the future demand for transport links. Many of my hon. Friends here today represent constituencies with similar traditions and needs for the future. However, I am sure it will not surprise the Minister that I have a few questions and points for clarification on which I hope he will be able to respond today.

The Government have indicated that sufficient safeguards are in place to ensure that taxpayer confidentiality remains intact. It is my understanding that this includes omitting any data that would identify three or fewer exporters in a given market and providing an option to opt-out in much the same way as for the disclosure of importers' information. Can the Minister clarify what criteria will be used to judge whether an opt-out request is valid?

The Government said in the other place that they would consider issues such as danger to the personal safety of owners and employees. I am sure all hon. Members here today would certainly hope that that would be a valid ground, but that is of course quite a high bar and hopefully also a quite exceptional circumstance, so it would be helpful to clarify whether less serious but none the less valid concerns will be addressed. I also want to know what level of opt-out the Minister anticipates, and whether he thinks that such an opt-out is likely to affect the overall value of the data published.

Furthermore, the consultation carried out by the Government attracted only 15 responses. Of those, only five were from businesses and two from individuals. Can the Minister confirm what steps the Government took to ensure the consultation was widely advertised?

Does he think that five responses from businesses is a sufficient sample to get an accurate idea of the feeling in the sector?

On the wider context, I am sure the Minister is aware of the Chancellor's commitment to double exports to £1 trillion by 2020 and get an additional 100,000 companies exporting. Can he provide a brief update on the progress towards that goal? The British Chamber of Commerce recently reported that the target would be missed by 14 years. In addition, earlier this year the independent Cole commission, set up by the then shadow Chancellor and shadow Business Secretary, reported that significantly more must be done to encourage and support export growth. As no impact assessment has been provided, will the Minister confirm that these draft regulations will contribute to that much-needed growth in exports? He alluded to that earlier in his speech, but further clarification would be helpful. Specifically, how will they enable more small and medium-sized businesses to begin exporting?

On a similar issue, does the Minister anticipate that the measure will help other companies to source supplies or services in their supply chains within the UK, rather than needing to import? What efforts will be made to promote that? Again, he alluded to that earlier, but more detail would be helpful. Can he also confirm that the restriction that is applied to the disclosure of importers' information, limiting it to non-EU trade, does not apply here?

On the logistics of reporting, we have received a helpful spreadsheet—it is quite exciting. Will the Government use exactly the same format as the database for exporters, or do they anticipate making changes to it? Can the Minister indicate the costs that he anticipates being incurred in the creation and management of this, and is there any intention to recover any of the costs from the beneficiaries?

Finally, the Cole commission made a series of helpful recommendations, including Cabinet-led action to simplify support to businesses. Specifically, the report called for a committee to be convened to ensure that urgent action was taken. Will the Minister confirm whether the Government will act on the Cole commission's recommendations in the near future?

9.7 am

Damian Hinds: I thank the hon. Lady who speaks for the Opposition for her, as ever, constructive and insightful contribution to the debate. She asked a number of questions and raised several issues for clarification, some of which we have covered and others of which I will try to respond to now.

The measure is all about the Government's commitment to UK growth and giving exporters and their customers the right information at the right time to allow them to prosper and increase their business. It adds to the range of tools at their fingertips. Exactly how it will be used remains to be seen. Companies and intermediaries tend to be creative, and people operating online tend to be even more creative, so they will probably come up with ways of leveraging data that were not anticipated when the dataset was created.

The hon. Lady asked about the safeguards and opt-outs, and about whether concerns that are less serious, as she put it, but still significant and legitimate will be taken

[*Damian Hinds*]

into account. I set out the current safeguards to protect commercial and strategic confidentiality and the measures proposed by HMRC to ensure confidentiality of businesses in the future with the new exporter dataset, which will be fully in line with those currently in place for importers' details. I should clarify that it is about non-EU trade.

The arrangements for importers have been in place for many years. They have a high level of usage and industry is highly confident in them. No significant issues about disclosure have arisen.

Andy McDonald (Middlesbrough) (Lab): When we look at the explanatory notes and the consultation outcome and hear that there were only five respondents—

Damian Hinds: Fifteen.

Andy McDonald: The figure is very small. We were told that a small number are concerned that the publication of their identity and the sensitive nature of the goods that they export might attract adverse interest, and that measures will be put in place to address their concerns. Can the Minister say a little more about the nature of the businesses that are so concerned about this measure, given that it must be a pretty targeted and focused group of activities?

Damian Hinds: I do not have the names of the individual respondents or the details of their business, but clearly businesses in sensitive sectors are more likely, first, to be concerned and, secondly, to respond to a consultation on the issues. We think that we have created a sufficient framework of opt-out and of mitigating measures to protect confidentiality and that we have got the balance right. Clearly, there is a value to the dataset and to promoting trade, but there are also the legitimate concerns and reasonable requirements of certain businesses to keep their details confidential. We have to find the balance, and we think that this one is reasonable.

Andy McDonald: I am grateful to the Minister for giving way. We are talking about the “sensitive” nature of some businesses—are we talking in particular about people dealing in arms? What are we talking about? What are the specific trades that cause concern?

Damian Hinds: Armaments would be a sensitive category of goods, but they would not be the only sensitive category. For example, high-value jewellery might also count as a sensitive trade. The hon. Member for Salford and Eccles asked the question directly and it is a sensible one. HMRC would consider the circumstances. It might not be possible for the Government to have the full list in advance of what someone else considers to be sensitive, so it is right that HMRC may consider requests as they are made.

The flipside of that is the other question asked by the hon. Lady, which was about whether the data are devalued if we have businesses opting out. Clearly it makes the dataset less than 100%, but those who have opted out have opted out and said that they do not want their data to be made available for all those business opportunities that might be forthcoming. Again, the matter is one of balance, and we believe that the balance we are striking is about right.

The hon. Members for Salford and Eccles and for Middlesbrough asked about the number of responses to the consultation, whether they were sufficient and what communications were undertaken. HMRC circulated the details of the consultation widely among its standing group of trade consultees, known as the joint customs consultative committee. Trade sectors represented on the committee distributed details to their members, some of whom took part in the consultation.

The hon. Member for Salford and Eccles also asked whether the format of the data would be the same as for the importer scheme. That is the default assumption, but as time goes on the way in which things are presented on Government-owned websites may evolve. That is quite natural. It is a set of data, so how the user interface works in any third-party application is a matter for those third parties.

In conclusion, this is a significant contribution to the visibility of British exporters and to their ability to grow and build their business. The draft regulations will be a significant part of efforts to support exporters and small businesses and I commend them to the Committee.

Question put and agreed to.

9.13 am

Committee rose.