

## **Written evidence submitted by the British Ceramics Confederation (TB07)**

These comments are made based from BCC as a trade association, and also in our role chairing The Manufacturing Trade Remedies Alliance, a coalition of several trade associations and trade unions with an interest in UK manufacturing. Formed in early 2017, our organisations believe that making things in the UK is good for our economy and society. On a level playing field our manufacturers are able to compete internationally and succeed. MTRA's objective is to ensure that the UK's trade policy enables that level playing field and that this should include a robust and efficient trade remedies regime. We differentiate where appropriate between the BCC and MTRA viewpoint.

### **Trade Remedies Authority**

MTRA believes it is important that the Trade Remedies Authority (TRA) is legally established as an independent body to ensure both robust legal procedures and independence of the TRA from government and policy influences.

BCC feels the recent UK global tariff announcement, shows quite clearly this Government's view that all tariffs are protectionist with some reductions in tariffs covering products with current EU anti-dumping duties in the ceramics industry, some tableware and tiles codes, which while small can only encourage more imports from countries who are not playing by the rules. TRID must be a legally independent body to protect British manufacturing. See also below.

### ***Representation on the TRA***

Greg Hands noted to us that 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. He also said that experts on trade would be appointed to these roles who did not have an ideological bias.

As MTRA we feel 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 verses 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 need the non-executive members to include at least one UK manufacturing employer and one manufacturing trade union representative.

### ***An effective remedies system***

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. 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.

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.

### **General comments**

- How easy will it be to simply roll over and replicate the existing trade agreements that we have through the EU? In your view, does the Bill make provision for appropriate levels of consultation, parliamentary scrutiny and accountability?

British Ceramic Confederation: There are clearly issues with Japan and Canada – our 4th and 8th largest export markets respectively. There appear to be inadequate scrutiny mechanisms – BCC is a member of one ETAG and the dialogue through that has not been sufficient to represent our members' interests. The biggest concern is the EU FTA – 57% of our members' exports are sent to the EU -where we have had no consultation in recent months.

- Given the need for the continuity agreements with those countries that are covered by EU deals, how practical is it, in your opinion, to transfer those agreements into bilateral trade deals?

British Ceramic Confederation: see above. It is essential there is no tariff ratchet reset – this was achieved successfully for the UK-South Korea deal which was welcome.

- Does the Bill as it currently stands have the support of businesses? Has there been enough consultation and transparency?

British Ceramic Confederation: See section on trade remedies in particular.

- In your experience with other countries, where you may have visibility? How do they do this better and what should we be considering to include in the Bill?

British Ceramic Confederation: No comment

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