



HOUSE OF LORDS

House of Lords European Union Committee International Agreements Sub-Committee

The new House of Lords EU International Agreements Sub-Committee (IAC), chaired by Lord Goldsmith, has launched an inquiry into the ongoing UK-US trade negotiations towards a new full free trade agreement.

This is a public call for written evidence to be submitted to the Committee. The Committee's scrutiny of these negotiations will consider a wide range of issues, and we expect this call for evidence to remain open during the course of the negotiations, but **we would be grateful for submissions on one, some or all of the points set out below by Friday 26 June**, in the first instance.

A revised call for written evidence may be issued in due course, as negotiations progress, and all those who have previously made written submissions will be notified of this and invited to make an additional submission, if they wish.

When preparing your response, please bear in mind that short, concise submissions are preferred, and responses must not be any longer than six sides of A4. Bullet points are acceptable. You do not need to address every question below. Equally, if there are any crucial issues not captured by the questions we pose, please highlight what they are and explain their salience.

The process for making submissions is set out in Annex I, but if you have any questions or require any adjustments to enable you to respond, please contact the staff of the Committee at HLIntlAgreements@parliament.uk.

Background

The Government has made agreeing a comprehensive free trade agreement ("FTA") with the US an early priority for the UK's independent trade policy. The US is the UK's largest bilateral trading partner and largest export market outside of the EU. Total trade between the two countries was worth over £220.9bn in 2019. A UK-US trade deal may bring significant risks and opportunities to the UK. Moreover, it may involve important trade-offs with the UK's negotiations with the EU.

Trade negotiations between the UK and US were officially launched on Tuesday 5 May 2020. The UK Secretary of State for International Trade, Liz Truss, and US Trade Representative, Robert Lighthizer, began the first round of negotiations, which lasted for approximately two weeks.

International trade has been especially affected by the COVID-19 crisis, with trade flows falling and urgent discussions taking place at national and international levels about the robustness of global supply chains. These talks are thus taking place in a new and unexpected context, different to the context in which the two countries' negotiating objectives were established.

The International Agreements Committee is responsible for scrutinising how the Government conducts international agreements, including trade treaties, and the final content of those agreements. The UK-US trade deal is the first major, wholly new agreement pursued by a post-Brexit UK, and this inquiry will focus on the Government's aims and objectives, the progress of negotiations, and the possible impacts of a final deal for people and businesses across the UK. It is not yet known when the talks will conclude, but this inquiry will run for the duration of those talks.

Inquiry focus

The inquiry will focus on core areas that are likely flashpoints in the trade negotiations between the UK and US. In the first instance, the Committee expects to take oral evidence before the summer focusing on **agriculture, healthcare and drug pricing, and digital trade and services.**

In the agriculture and food sector, the reduction of tariffs on US agricultural goods, the lower food hygiene and safety standards of the US, and the impact of a trade deal on UK animal welfare standards have been raised as key concerns by stakeholders and are areas where the inquiry seeks evidence.

With regards to healthcare, the inquiry will seek views on the impact of a trade deal on the National Health Service (NHS), in particular on the prices of drugs that are made available via the NHS.

Finally, the inquiry will also seek evidence on digital trade and services in the trade negotiations, including the consequences the negotiations may have for UK rules – such as the UK's Digital Services Tax, data protection, copyright, and consumer protection, including protecting users from online harms – and how any deal might affect the UK's digital services industry, including but not limited to FinTech, games, and other innovative digital products.

Additionally, evidence is sought on the potential impacts of a trade deal on regions in the UK and how different areas, regions and nations across the country might either benefit from the deal or miss out.

The Sub-Committee seeks evidence on the following areas of interest, which are phrased as questions for the ease of respondents. **Submissions need not address all questions.**

Areas of interest

General and cross-cutting issues

We welcome broad responses to these general questions, as well as specific responses to them regarding one or more of the key themes set out below (for example, covering the Government's objectives on agriculture, healthcare, or digital trade specifically).

Context of the negotiations and the UK's approach

1. Does the Department for International Trade (DIT)'s [strategic approach](#), published on 2 March 2020, set out the right objectives for negotiations? How effectively does that strategic approach represent the interests of different groups and regions across the country, including the devolved nations, businesses, civil society, and individuals?
2. How reliable do you find the DIT's assessment of the potential impacts of the proposed agreement with the US, either as set out in the strategic approach or elsewhere?
3. What are some of the major points of disagreement that have emerged in the US' recent trade negotiations that the Committee should be aware of when scrutinising UK-US negotiations?
4. Both countries have expressed their aspiration for reaching a comprehensive FTA on an ambitious timescale. In what circumstances might the UK and US pursue a 'mini-deal' trade agreement instead of a comprehensive FTA? What areas are most likely to be included in any initial 'mini-deal' on tariffs?
5. To what extent might negotiations with the EU on a future relationship conflict with negotiations with the US on a trade deal, given that these negotiations are happening in parallel? What are the major trade-offs involved? And what effect could a UK-US trade deal have on the UK's future ability to negotiate deals with other countries?
6. Broadly, what approach should the UK Government take in balancing the needs of individual consumers, such as greater choice or lower prices as a result of greater competition, and the needs of UK businesses? How can the Government ensure that any outcome has a net positive result for the country, especially in the light of the impacts of COVID-19 locally, regionally, nationally and globally?
7. The United States Congress will scrutinise the US Government's negotiations with the UK and any final deal. What do you think will be the key issues for Congress and legislators in the US? How will the influence of US legislators be felt in the course of these negotiations?
8. What implications might an FTA with the US have for the UK's other international commitments in areas such as environmental protection and climate change? How might the deal affect the UK's national objectives in these areas, such as the Government's commitment to reaching net-zero by 2050?

Impact on the devolved nations and UK regions

We welcome responses to these questions directly, as well as responses to questions elsewhere that consider these issues in relation to one or more of the themes set out below (for example, covering the Department for International Trade's objectives on agriculture, healthcare, or digital trade specifically).

9. Do the devolved nations of the UK have any specific interests that need to be protected as part of the negotiation of a UK-wide trade deal with the US?
10. What are the costs and benefits of a UK-US trade deal to the various regions of the UK? We would be especially interested in detailed economic analyses on this point.
11. The Department for International Trade (DIT) has conducted a preliminary impact assessment that outlines the gross value added (GVA) of a UK-US trade deal on regions in the UK, as part of its negotiating objectives. How do you evaluate the economic analysis behind the DIT's the impact assessment? The impact assessment suggests that the trade deal could increase GVA in Scotland, Wales, the North East, and the Midlands in particular. How do you evaluate this assertion?
12. The impact assessment does not take into account the dynamic effects of a UK-US trade deal on the regions. What are some possible economic assessments of the dynamic effects of the trade deal, over time, on regions or on the UK as a whole?

Other areas of negotiation

We welcome responses to these questions directly, as well as responses to questions elsewhere that consider these issues in relation to one or more of the themes set out below (for example, the implications that an investor-state dispute settlement agreement might have for healthcare, or how the agriculture and food industries might be affected by negotiated changes in tariffs).

13. Both countries' stated objectives include opening up opportunities for investors who are seeking to invest in the other country and securing rights and protections for their investors. What investor-state dispute settlement (ISDS) arrangements do you think would be appropriate in this deal? What are the possible risks or opportunities for the UK in negotiating any ISDS arrangements?
14. The UK has developed a new trade remedies framework based on the "key principles" of "transparency, efficiency, impartiality and proportionality". What impact might these negotiations and any deal with the US have on the UK's establishment of its own trade remedies regime? What are the possible risks or opportunities for the UK in negotiations with the US on these issues?
15. Both countries' stated objectives include provisions relating to government procurement and areas that they intend to exclude from negotiations, including sub-federal programs and defence programs (US objectives), and key public services,

such as the NHS (UK objectives). What are likely to be the key points of both agreement and contention in negotiations about government procurement? What are the possible risks of opportunities for the UK?

16. The UK has recently launched a new [UK Global Tariff](#). Negotiations with the US will include specific agreements on tariffs, and if the two countries were eventually to agree a 'mini-deal' ahead of a full FTA, this would likely include provisions regarding tariffs. With the possibility of a 'mini-deal' in mind, what should be the UK Government's initial focus in negotiating reductions in US tariffs on UK goods? What do you think should be the UK Government's red lines when it comes to tariffs on US goods entering the UK?
17. The UK Government is seeking "ambitious commitments" from the US regarding trade in services. What general or sector-specific rules, including on financial and aviation services, should the UK be seeking to support the UK's service exporters?

Specific sectoral issues

Agriculture and food

The US's published negotiating objectives state that the US will seek to "eliminate practices that unfairly decrease U.S. market access opportunities or distort agricultural markets to the detriment of the United States". Objectives also include "promot[ing] greater regulatory compatibility to reduce burdens associated with unnecessary differences in regulations and standards" and "establish[ing] specific commitments for trade in products developed through agricultural biotechnologies".

The Government has stated it would "uphold the UK's high levels of public, animal, and plant health, including food safety" and "any trade agreement with the US must work for UK consumers, farmers and companies and the Government will strongly defend our right to regulate in these areas in the public interest".

The US' negotiating objectives include preventing any "improper use of the UK's system for protecting or recognizing geographical indications" from "undermining market access for US products", while the UK's objectives highlight the need to "maintain effective protection of food and drink names" that reflect geographical origins to ensure consumers are "not confused or misled" and "have access to a competitive range of products".

18. The new UK Global Tariff would maintain tariffs on agricultural products such as lamb, beef and poultry to protect UK industry. What provisions do you think the UK should seek to agree with the US on tariffs for agricultural goods imports to the UK? What economic consequences might there be for farmers and the agriculture and food industries of a US deal that diverged significantly from the new UK Global Tariff? We would be particularly interested in any detailed economic analyses on these points.
19. How might the UK agriculture and food industries approach any new competition that might arise from a UK-US deal? What opportunities are there for UK

companies that might wish to export more to the US under a new deal? We would again be particularly interested in any economic analyses on these points.

20. More broadly, what might be the consequences of a deal with the US that included agricultural goods for Sanitary and Phytosanitary Standards (SPS) and animal welfare standards domestically in the UK?
21. What concessions will the US be seeking regarding indicators of geographical origins on food and drinks, and how do you think the UK Government should respond? What do you think is the right balance between ensuring that consumers “are not confused or misled” but also “have access to a competitive range of products”? What are the likely effects on producers of new arrangements on indicators of geographical origins, in particular small- and medium-sized businesses?

Healthcare, in particular drug pricing

The US’s published negotiating objectives include “seek[ing] standards to ensure that government regulatory reimbursement regimes [for pharmaceuticals and medical devices] are transparent, provide procedural fairness, are nondiscriminatory, and provide full market access for U.S. products”.

The Government has indicated that the “NHS will not be on the table. The price the NHS pays for drugs will not be on the table. The services the NHS provides will not be on the table. The NHS is not, and never will be, for sale to the private sector, whether overseas or domestic.”

22. How realistic is the UK’s approach on the issue of pharmaceuticals and medical devices? How does it compare with precedents that might be seen in other recent US trade negotiations either relating to healthcare specifically or other public services?
23. What would be the effects if the cap on NHS drug prices were removed or raised? Would drug prices still be affordable to the NHS, and would it have a direct impact on the average household?
24. What effects might a US deal that included some provisions on drug/medical devices pricing have on the British pharmaceutical and life sciences industries?
25. How might any other provisions agreed as part of a deal, such as on investor-state dispute settlement, affect the NHS in particular and the wider healthcare industry in the UK?

Digital trade and services

The US’s published negotiating objectives include “secur[ing] commitments not to impose customs duties on digital products” and “ensur[ing] non-discriminatory treatment of digital products”.

The Government has indicated both its intention to maintain the UK's high standards in data protection and protection against online harms and its ambition to "promote a world-leading eco-system for digital trade". It has stated that "in areas such as data flows, blockchain, driverless cars and quantum technology we have the opportunity to help shape global rules through ambitious digital trade provisions".

26. The Government's negotiating objectives note their objective of "maximising the UK's reach in emerging fields like global data flows and Artificial Intelligence". What are the opportunities for the UK in agreeing new provisions on digital trade and services with the US, in these and other areas? What are the key barriers to increased digital trade that these negotiations need to address?
27. The UK Government has recently introduced a Digital Services Tax, which applies to search engines and social media companies. What would be the consequences for the UK if such a tax were subject to negotiation as part of a US deal on digital trade and services?
28. How might negotiated digital trade provisions serve as enablers for leading UK industries, such as the creative and audio-visual industries? What provisions would bring the most benefit and so should be the highest priority in this area?
29. What might be the trade-offs for the UK in agreeing ambitious digital trade provisions with the US? How might the UK's data protection standards and provisions for protecting users from online harms be affected by any deal?

ANNEX I: GUIDANCE FOR SUBMISSIONS

Written submissions should be made online using the written submission form available at <https://committees.parliament.uk/call-for-evidence/164/ukus-trade-negotiations/>.

We expect this call for evidence to remain open throughout the course of the UK-US negotiations, but **we would be grateful for submissions by close of play on Friday 26 June**, in the first instance. A revised call for evidence may be issued as negotiations progress, and those who have already made written submissions will be notified of this and invited to make any additional submission, should they so wish.

For any questions, please contact the Committee staff [at HLIntlAgreements@parliament.uk](mailto:HLIntlAgreements@parliament.uk) or by telephoning 020 7219 4840.

Short submissions are preferred. A submission longer than six pages should include a one-page summary.

Paragraphs should be numbered. All submissions made through the written submission form will be acknowledged automatically by email.

Evidence that is accepted by the Committee may be published online at any stage; when it is so published it becomes subject to parliamentary copyright and is protected by parliamentary privilege. Submissions that have been previously published will not be accepted as evidence.

Once you have received acknowledgement that the evidence has been accepted you will receive a further email, and at this point you may publicise or publish your evidence yourself. In doing so you must indicate that it was prepared for the Committee, and you should be aware that your publication or re-publication of your evidence may not be protected by parliamentary privilege.

Personal contact details will be removed from evidence before publication but will be retained by the Committee Office and used for specific purposes relating to the Committee's work, for instance to seek additional information.

Substantive communications to the Committee about the inquiry should be addressed through the clerk of the Committee, whether or not they are intended to constitute formal evidence to the Committee.

You can follow the progress of the inquiry at:
<https://committees.parliament.uk/committee/448/eu-international-agreements-subcommittee/>.