

LGA Briefing

Potential Future Free Trade Agreements

House of Commons

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KEY MESSAGES

- Local government plays a crucial role in building trade and investment links with cities and regions across the world.
- Local government should be consulted on the UK's trade policy as it is being developed. This is supported by the recommendations of the International Trade Committee's report published in December 2018.
- The role of councils in securing exports and investment is far broader than business support. Through their pivotal role in driving local economic growth, and their investment in infrastructure, housing, planning and skills, local authorities have a central role to play in fostering the conditions necessary for business and inclusive growth.
- If we are to make the most of future trade and investment prospects, then the depth and diversity of global trade and investment links councils have already established will be an invaluable resource for national government.
- In considering future trade agreements, councils must be consulted on the level of market access that other countries have to public services commissioned locally. Councils are best placed make decisions on behalf of their communities in response to local circumstances.

BACKGROUND INFORMATION

CURRENT UK TRADE POLICY

The Government's White Paper on the future UK trade policy references the importance of involving local government in the development of this policy, which we welcomed.¹ Local leaders are eager to share their experiences and to support the Government in developing and agreeing new trade deals.

If local government is to play its part fully, the Government's trade policy must seek to address the issues with the national system which restrict the ability of councils to deliver in this area. For example, independent research commissioned by the LGA has identified over 80 programmes and projects designed to promote trade and foreign investment at a national and sub-national level. The research found that there is little structure and considerable overlap in these activities, creating a complex environment for businesses and investors.

The fragmented nature of the current approach risks undermining the UK's ability to connect future success as an independent trading nation with the demands and opportunities of local areas.

Briefing

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COUNCILS' ROLE IN TRADE AND INVESTMENT

Increasing exports and attracting greater levels of inward investment have a crucial role to play in driving local economic growth across the country.

Councils are uniquely positioned, with their knowledge of local economies, powers over local infrastructure planning and a strong track record of building connections with localities across the world, to attract inward investment and work with local businesses to increase exports to foreign markets.

With this in mind, it is essential that the national framework established to develop and implement future trade and investment policy provides local government with a meaningful role throughout.

This will require an approach to consultation that recognises and reflects the differences between local economies and the challenges and opportunities relating to trade and investment across the country. The approach to developing trade policy should therefore seek to secure equal input from all parts of the country.

INTERNATIONAL TRADE COMMITTEE: INQUIRY INTO UK TRADE POLICY, TRANSPARENCY AND SCRUTINY

In December 2018, the International Trade Committee published the findings of its enquiry into UK trade policy transparency and scrutiny.ⁱⁱ

The final report included the following recommendations of relevance to local government:

- It is crucial that the Government **take account of the views of each nation and region** within the United Kingdom in formulating an independent trade policy. Current structures are not sufficiently robust to provide for structured engagement and extensive consultation (Paragraph 83).
- The Government should **form a statutory UK intergovernmental international trade committee**. The UK Government should have a duty to: consult the committee on the mandate for future trade negotiations; regularly update the committee on progress with negotiations; and consult the committee on the final text of an agreement prior to ratification (Paragraph 84).
- A representative from each of the devolved administrations and **the Local Government Association** should be included on the Strategic Trade Advisory Group (STAG), to allow Government to consult with them in detail throughout the negotiation process—in addition to the intergovernmental committee (Paragraph 85).
- Local government and its areas of competence are directly affected by national trade policy decisions. In addition, local government is well placed to understand the effects of trade policy on the individuals and organisations whose interests it represents. Local authorities are, therefore, well placed to be involved in the development and scrutiny of trade policy. **Local government should have a voice throughout the trade policy process**, and the Government, in its response to this report, should set out how it plans to facilitate this. The Government should consider whether it would be appropriate to include local government representation on STAG (Paragraph 144).

CASE STUDIES

Below are some of examples of work councils are already doing to support international trade in their local areas:

For nearly 30 years, **Essex County Council** has run Essex International, establishing links with Jiangsu province in China and setting up an office in Nanjing which has helped cement trading relationships and boosted the east of England economy by £3.48 million annually.

Last year, **Leicester City Council** and **Leicestershire County Council** marked the 30th year of its twinning with Sichuan province with the launch of a landmark Leicestershire-China Strategy designed to boost its trade and investment activity with China.

Since 2014, **Liverpool** has hosted the International Business Festival, one of the world's biggest business festivals. In 2016 this was estimated to have supported 500 UK businesses to secure export sales amounting to £87 million and attracted approximately £22 million of private sector investment.

FURTHER READING

Brexit: Moving the conversation on

<https://www.local.gov.uk/moving-the-conversation-on/brexit>

The future of non-metropolitan England: Moving the conversation on, July 2018

<https://www.local.gov.uk/moving-the-conversation-on/non-met-england>

ⁱ<https://www.local.gov.uk/sites/default/files/documents/November%202017%20LGA%20response%20trade%20white%20paper%20-%20WEB.pdf>

ⁱⁱ <https://publications.parliament.uk/pa/cm201719/cmselect/cmintrade/1043/1043.pdf>