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3 Whitehall Place
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1 November 2018

Dear Consultation Team,

**DIT PUBLIC CONSULTATIONS:
Possible Free Trade Agreements with the USA, Australia and New Zealand;
and Potential Accession to the Comprehensive and Progressive Agreement for
Trans-Pacific Partnership (CPTPP)**

We refer to the above public consultations and wish to submit the following response.

We note that the Government's White paper "Preparing for Our Future UK Trade Policy" has given many commitments to ensure high levels of protection for intellectual property, consumers, the environment and employees. It states it will ensure decisions about how public services are delivered will be made by the Government or devolved administrations. In addition it recognises that future trade policy must be transparent and inclusive, with input from the devolved administrations.

The Department for the Economy has recently developed a paper that presents detailed statistical evidence on Northern Ireland trade and investment patterns with a focus on the countries subject to the current public consultations. The paper is supplemented by a series of slide packs and this is available on the Department's website at:

<https://www.economy-ni.gov.uk/publications/northern-ireland-international-trade-and-investment-patterns>

<https://www.economy-ni.gov.uk/publications/analysis-ni-trade-goods>

We trust these will be a useful new source of information and add to your understanding of the Northern Ireland trade flows combined with the regional differences that exist across the UK.

Trade in goods and services from Northern Ireland to markets outside the UK are dominated by exports to the EU which totalled £5.7bn in 2016 or 56.4% of total NI exports. Similarly the EU is the dominant source of imports to Northern Ireland which totalled £4.5bn in 2016 or 65.2% of total NI imports. Whilst it is accepted the future trading relationship with the EU remains to be determined, the importance of the EU, as a market for both exports and imports, must be fully considered in the context of negotiating any future trade agreements.

As preparations continue for an independent UK trade policy, they must recognise that Northern Ireland is the only region of the UK to have a land border with the EU. It is critical that those preparations, and subsequent negotiations, take full account of the commitments that have been made in relation to that land border. Similarly they should be built on the commitment that Northern Ireland's businesses will continue to have the same unfettered access to the whole of the United Kingdom internal market.

The latest draft of Northern Ireland's Industrial Strategy includes "Succeeding in Global Markets" as one of five priority pillars. There is a recognition within that strategy that economic success means embracing an outward looking approach. It seeks to encourage businesses to become more externally focused and, by thriving in international markets, generate stronger economic outcomes here.

It is important in this context to note that the draft Industrial Strategy identifies six broad sectors of the economy, across manufacturing and services, where Northern Ireland already has clear world class capabilities. These are:

- Financial, business and professional services;
- Digital and creative technologies;
- Advanced manufacturing, materials and engineering;
- Life and health sciences;
- Agri-food; and,
- Construction and materials handling.

Whilst it is accepted that reductions in tariffs by all parties to free trade agreements can act to boost overall trade, for most industrial goods these tend to be relatively low and greater gains can often be achieved through reducing non-tariff barriers to trade. Tariffs nonetheless are an important policy tool for specific sectors and, in that context, we would highlight the contribution agriculture and food processing makes to Northern Ireland's rural and wider economy.

Furthermore any consideration of a tariff reduction or other import concession for agri-food goods has to take into account the domestic support regime operated by the other country and the potential to expose Great Britain and Northern Ireland producers to competition from subsidised imports. Careful consideration and further engagement with Northern Ireland stakeholders should therefore be undertaken in this area.

In terms of agriculture and the environment, commitments already given by the UK Government that there will be no reduction in standards for animal health and welfare, food or the environment are to be welcomed. We trust these commitments, coupled with any subsequent enhancements, will be reflected in any future trade negotiations. A level playing field between all parties to trade agreements must be a consideration which applies not just to agriculture but all sectors.

As a SME economy, small and medium sized businesses make an important contribution to our overall performance and play a vital role in developing our exports. Yet they face particular challenges, mainly around non-tariff barriers. For SMEs in particular those barriers can be resource intensive to address and add a financial burden. Stakeholders here expect that any easing of these barriers through the FTAs under consideration will also take account of the needs of SMEs.

A risk for any exporting company is the degree to which their intellectual property is protected in third countries. Future agreements should give sufficient protection to aid market entry and development whilst not constraining business with over-burdensome registration and certification processes.

The importance of the service sector to the UK economy is well recognised and similarly makes up a sizeable portion of Northern Ireland exports. It is important to note that beyond the EU, the USA amongst others, is a key market for Northern Ireland service-based exporters. Any future trade agreements should provide a further basis for this trade to grow.

Northern Ireland has a successful track record in attracting foreign direct investment (FDI), particularly from the USA. FDI is an important lever in re-balancing the Northern Ireland economy and any future trade agreements should be designed to maintain and enhance Northern Ireland's attractiveness as an investment location.

We trust you will consider the contents of this letter fully and also the paper and slide packs referenced in the opening paragraphs. You should note that this letter has been drafted by officials and seeks to reflect the views of local stakeholders, but it has had no political input. A returning Northern Ireland Executive undoubtedly will want to engage on these matters further.

Yours sincerely,



Victor Dukelow
Director
International Trade Policy and Migration