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# Restructuring the Board of Trade for the Twenty-first Century

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# Abstract

There is widespread agreement that the UK has not made a success out of its post-Brexit freedom to determine its own trade policy. This is partly because little effort has been made to engage with stakeholders and the Government has avoided serious debate and analysis of options and policies. We propose restoring the UK Board of Trade to its former status as a centre of excellence offering trade policy advice, giving it a large measure of independence, connecting it better with Parliament and requiring it to consult widely and effectively. Importantly, we make practical proposals for its design, governance and operation, and argue that it could be established in shadow form almost as soon as a government decided it wanted to do so.

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## Suggested citation

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# Non-Technical Summary

One of the most heralded claims for Brexit was taking back control of UK international trade policy. Four years later, this is not widely seen as having been a success. Trade growth has been disappointing, the UK has become less open, exporting is still heavily concentrated in the Southeast of England, and there is little trust in Government pronouncements on trade. And yet there is almost no coherent discussion of trade policy and no evident strategy guiding future policy objectives or the signature of new trade agreements.

Part of the issue is that thinking about trade policy is trapped in the remnants of the Brexit debate and substantially seen in party political terms; it is consequently lacking any broadly accepted understanding. This is unsatisfactory and as part of the solution we propose to return the UK Board of Trade to its former status as a centre of excellence offering advice to the government and a source of impartial public information on international trade policy. This paper is not the first to suggest that the Board of Trade be revived from its current somnolence, but it is the first to propose some details and a road map for that revival.

Our restructured Board of Trade would be a non-departmental public body - a well-established form for similar functions offering public service where there is a significant advantage of operational independence. It would be largely independent of government but nonetheless, work alongside government and all stakeholders to significantly elevate the UK's trade policy debate and trade performance.

The Board's most prominent task would be to produce an annual report on UK trade performance and assess major new trade-related policies including trade agreements. This would be produced after extensive consultation with stakeholders and would be made public in an accessible form and debated in Parliament.

The Board would provide two impact evaluations of major prospective free trade agreements (FTAs), one at the stage of conception to see if it was worth pursuing and what the negotiating mandate should be (as the government currently does), and one close to completion of the negotiations, which would provide public information and sufficiently detailed analysis to allow Parliament to have an informed debate about whether to ratify the agreement. (Improved Parliamentary scrutiny of FTAs would be a second element of our improvement plan.) The Board would also conduct ex post evaluations of previous agreements in order to optimise them and learn lessons for the future.

Many modern trade problems concern regulation and trade, particularly in services. For example, there is a growing body of trade and climate change regulation, where there will be impacts both on trade and wider policy objectives. The Board would be required to consider major interfaces between trade and regulation, explaining them to the public and policymakers and helping with solutions.

Finally, we envisage a series of reports on specific trade and trade policy developments. These may include both detailed exercises to underpin future policy and simple explainers for the interested public.

Underpinning the Board's work, there should be substantial and substantive engagement with Parliamentarians, stakeholders and the public. This would be partly aimed at improving policy and policymaking by encouraging a broad range of inputs, but also at building confidence that the UK had a satisfactory and inclusive approach to trade.

The challenge in designing a new Board of Trade is to create a balance between expertise/experience, independence from government, stability in the long-term policy vision and the fact

that government, and to a lesser extent Parliament, must have a material role in the composition of a body with which they are intended to work closely. We suggest one model but recognise that others are possible.

Maintaining good relations between the Board and the government will be necessary for the former's success. Hence, in our model, the relevant Secretary of State would continue to be termed the President of the Board of Trade and should appoint the members of a small politically balanced Board. These would have input to the Annual Report and formally receive it.

The main leadership of the Board's work, however, would come from a Trade Council, with broad representation and expertise/experience in trade (not just exporting!). The Secretary of State would appoint the Council Chair in consultation with the relevant Parliamentary Committees and also a few members of a Trade Council. The majority of the Council would be nominated by the Chair and the whole Council approved by the small formal Board. The Chair would also appoint a Chief Executive Officer to lead the day-to-day work having consulted the Chairs of the relevant Parliamentary Committees.

The reconfigured Board of Trade should be established in legislation and have a guaranteed role in informing Parliament. It could, however, be created in shadow form virtually as soon as a government desired it, with formal statutory establishment following later.

By looking at similar UK institutions and the Swedish National Board of Trade, we estimate that the Board might require a staff of around 90 and an annual budget of about £10 million. At least some of these would come from the transfer of existing functions and staff from inside government. Lest this seems like a lot in our current straitened circumstances, recall that around one-third of UK consumption and investment comes from imports and around one-third of output is exported.

Getting trade right is important! Our proposal fills what is an obvious gap in current arrangements, with a view to building the broad consensus that is essential to a successful trade policy.

# Restructuring the Board of Trade for the Twenty-first Century<sup>1</sup>

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## Key Points

- As the platform for renewed discussion and consensus on UK trade policy we propose how to return the UK Board of Trade to its former status as a centre of excellence offering advice to the government and country on international trade policy;
- It would be largely independent and work alongside government and all stakeholders to significantly elevate the UK's trade policy debate and trade performance;
- The Board would produce an annual report on UK trade performance and assess major new trade-related policies including trade agreements. It would also provide ad-hoc reports on specific trade policy developments and advice to government about the interface between regulation and trade;
- Maintaining good relations with government will be necessary for the Board's success. However, while the relevant Secretary of State should continue to be the President of the Board of Trade, their operational responsibilities would be limited to the appointment of a Chair and a few members of a new Trade Council, the former in consultation with Parliament;
- A reconfigured Board could be created in shadow form virtually as soon as a government desired it, with formal statutory establishment following later;
- We estimate that staff numbers of around 90 and an annual budget of £10 million would be appropriate to the size of the task; at least some of this would come from the transfer of existing functions and staff from inside government.

## 1. Introduction

One of the most heralded post-Brexit changes for the UK was taking back control of trade policy. Four years later, this is not widely seen as having been a success. The UK Government has most obviously produced a handful of new Free Trade Agreements (FTAs), but they have done little to improve trading performance.

In June 2023, the UK Trade and Business Commission, in which both authors were involved, recommended: "The creation of an independent agency - a new UK Board of Trade - to act for the Department for Trade and Business as the Office for Budget Responsibility (OBR) does for the

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<sup>1</sup> We are grateful to John Alty, Amar Breckenridge, Ingo Borchert, Michael Gasiorek, Viviane Gravey, Bernard Hoekman, Charlotte Humma, Emily Jones, Emily Lydgate and Ludivine Petetin for comments on an earlier draft. They have helped us significantly in clarifying our thinking, but, naturally, none of them bears responsibility for its remaining infelicities. Henig acknowledges support from the UK Trade Policy Observatory and Winters acknowledges support from the Economic and Social Research Council [grant number ES/W002434/1, the Centre for Inclusive Trade Policy].

Data access statement: No new data were created during this research.

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Treasury - would impartially assess the UK's trading performance worldwide, helping drive improvements across government.”<sup>2</sup>

This paper expands on the Commission's proposals in order to provide more detail on why we need an independent Board of Trade and how it would operate, be overseen, and be implemented. We do so to provide a government (of any colour) wishing to pursue this idea a roadmap of how it could become quickly effective. Regardless of views on Brexit, and it is now eight years since that referendum, it is past time to ensure that the UK has the right structures in place for the extra responsibilities that it has acquired.

Many people have expressed support for the Commission's recommendation<sup>3</sup> and in November 2023, Labour's Shadow Secretary of State for Business and Trade, Jonathan Reynolds used a speech on trade policy to call for a change of focus in the Board of Trade. He said:<sup>4</sup>

“I know there is a view that the UK's Board of Trade has become a talking shop not respected or listened to by government, and if we are to offer the clarity and cooperation needed to properly link our industrial and trade policies together we must draw on a far wider range of expertise.

“So Labour will give the Board of Trade a proper purpose as an independent advisory agency, accountable to the Secretary of State, advising on the impacts of regulation on trade, horizon scanning for opportunities, and because trade is integral to every region and nation in the UK, it will have an explicit duty to report against how each region and nation is performing to boost opportunities for the whole of the UK.”

The current Board of Trade is charged with export promotion and plays no role in the formulation or evaluation of trade strategy and policy. Its existing role could easily be transferred to other parts of government and the ancient name used for a broader and more expert body which would address the UK's pressing need for care and coherence in the design of international trade policy. It is in this spirit that the commentators noted above have suggested the change in focus and in which we offer our more detailed proposal for a restructured Board of Trade.

No-one sees a restructured Board of Trade as a silver bullet that will immediately transform trade policy, but as one of several elements that would contribute towards that objective in the medium term. Other important steps include enhancing the Parliamentary scrutiny of trade policy and trade agreements, the greater involvement of the devolved administrations, and the development of a more coherent and collaborative narrative about international trade.

## 2. The Rationale for an independent body

International trade accounts for around one-third of UK output and consumption and supports circa 6.5 million jobs. As one of the central elements of UK economic performance, it is worth investing effort and resources into getting it right by adopting the best possible approach to trade policy.

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<sup>2</sup> Extracted from the UK Trade and Business Commission (2023) 'Trading our way to prosperity: A Blueprint for Policymakers': <https://www.tradeandbusiness.uk/blueprint>

<sup>3</sup> Open letter signed by 82 individuals involved in UK trade policy, see UK Trade and Business Commission (2023) 'Board of Trade needs drastic surgery not a facelift' <https://www.tradeandbusiness.uk/news/board-of-trade-needs-drastic-surgery-not-a-facelift>

<sup>4</sup> Extracted from Jonathan Reynolds MP (2023) 'Boosting Trade for Economic Growth' <https://www.jonathanreynolds.org.uk/2023/11/15/boosting-trade-for-economic-growth/>

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### Improving UK Trade Policy Performance

There is broad political and stakeholder agreement in the UK that the country needs international trade to support prosperity and security. This consensus has not however led to strong results or an effective trade policy. To take three illustrations:

- A fall in UK trade openness in recent years<sup>5</sup>
- Under-performance in both goods and services exports compared to counterfactuals<sup>6</sup>
- Continued regional disparity such that 42% of UK exports come from London and the South East, where only around 27% of the population live<sup>7</sup>

Whatever the contribution of Brexit has been to this situation, or wherever the UK economy is in adjusting to this trade shock, there is no doubt about the fact that it increased national control of trade policy. Indeed, some proponents of Brexit made this a central part of their case, viz. that we would be able to focus on our own strengths and objectives much more than when all negotiations were handled from Brussels.

To date, however, there is no evidence that greater UK Government control has delivered better trade policy. Rather than develop a coherent trade strategy, much of the government's early focus was on replicating existing EU trade deals. Subsequently signing new deals with Australia and New Zealand and acceding to the Comprehensive and Progressive agreement for Trans-Pacific Partnership (CPTPP), have been the priority; none of these was forecast to add much economically, and all caused controversy, for example around farming. Free Trade Agreements have dominated UK debate and activity but rarely in an informed way, and the current focus over whether a deal with India will be possible suggests this is continuing to be the case.

By contrast, the many other parts of trade policy have received little focus. There has been some activity in terms of promoting exports and tackling market access barriers, signing various types of agreement including Mutual Recognition and digital trade agreements, and considering the trade impact of internal policy decisions such as on regulation or immigration. These have however rarely been integrated into a coherent conversation and still less has attention been given to implementation, or to what balance of policies the UK should pursue for best results.

### Creating a More Informed UK Trade Debate

Our central case for a reconstituted, independent Board of Trade is that for a policy area involving multiple aims, pursued with third countries, and often bound by treaty, the UK debate and approach has been simplistic and too party political. Signing new agreements has been treated as some sort of virility test ignoring broader consideration of how to deliver improved trade performance, with

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<sup>5</sup> See for example Office for National Statistics (2022) 'Recent trends in the international trade flows of G7 economies'

<https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/recenttrendsinternationaltradeflowsofg7economies/2022-10-10> and Resolution Foundation (2023) 'Open for business? UK trade performance since leaving the EU' <https://economy2030.resolutionfoundation.org/reports/open-for-business/>.

<sup>6</sup> See John Springford for Encompass / Centre for European Reform (2024) 'Why do Britain's goods and services exports appear to be holding up?' <https://www.cer.eu/in-the-press/why-do-britains-goods-and-services-exports-appear-be-holding>

<sup>7</sup> See Office for National Statistics (2023) 'International trade in UK nations, regions and cities: 2021' <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/bulletins/internationaltradeinuknationsregionsandcities/2021>.



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government presenting only partial (in both senses of the word) analysis to justify its approach. To be successful, the UK needs a more mature consideration of the broad range of trade policy issues conducted at arms-length from government, to ensure sufficiently robust and credible thinking, analysis and communication.

Modern trade is complex and government policy must take many things into account:

- With average tariffs now very low, particularly for manufacturing trade between developed countries<sup>8</sup>, economic gains must come from the much harder task of reducing non-tariff barriers. These are typically associated with domestic regulations, or with allowing greater flows of international workers and students, action on both of which is always constrained by political considerations and for which the reciprocal Free Trade Agreement (FTA) model is no longer sufficient;
- Given that the majority of trade takes place within supply chains (much of it also within single multinational enterprises) and that at least half of UK exports are services, traditional trade policy tools are no longer totally appropriate, yet there is limited evidence of official thinking about what would be better;
- Trade is also expected to support other government policy goals in what has been described as multipurpose trade policy<sup>9</sup>; most notably, these goals include food security, economic resilience, raising productivity, supporting industrial strategy, tackling climate change and addressing inequality;
- Particularly at a time of slow global economic growth and endemic inequality, imports are often popularly seen as a problem, so governments are increasingly expected to seek societal consent or at least acquiescence for reciprocal acts of trade liberalisation. Winning meaningful consent can come only from deep and credible engagement with stakeholders and elected representatives, which, in turn, builds a real comprehension of the current context and consequences of international trade. To date, the UK Government has been less than effective in managing this process, raising, rather than alleviating, suspicions.

In such circumstances, independent analysis and scrutiny provide an essential input into establishing good long-term trade policy. And to be credible after the UK's recent searing experience of the Brexit debate, that analysis must be, to a large extent, independent of the government. Such independence from day-to-day political combat should, in turn, boost government's ability to pursue a consistent and coherent trade agenda.

### Benefits of Independence

One of the key mistakes repeatedly made by the UK Government has been to assume that its trade deals would be inherently popular. But as revealed particularly in the case of the UK-Australia Free Trade Agreement, seen to concede far too much for little in return, this has not been the case. A closed approach to consultation and analysis has added to suspicion.

By contrast, using independent analysis to support government in conducting trade policy would offer considerable advantages. Detailed consideration of the opportunities available and trade-offs required, discussed widely with stakeholders, should provide a collective basis for negotiations.

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<sup>8</sup> United Nations Conference on Trade and Development (UNCTAD) (2023) 'Key Statistics and Trends in Trade Policy 2022' [https://unctad.org/system/files/official-document/ditctab2023d2\\_en.pdf](https://unctad.org/system/files/official-document/ditctab2023d2_en.pdf)

<sup>9</sup> For an overview of multipurpose trade policy see Nicolas Lamp for International Institute for Sustainable Development (IISD) (2023) 'Toward Multipurpose Trade Policy? How competing narratives about globalization are reshaping international trade cooperation' <https://www.iisd.org/articles/policy-analysis/multipurpose-trade-policy>

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Independent scrutiny of any completed negotiations and major trade policies would provide a trusted basis on which they can be approved. Careful examination of the implementation of the UK's many existing trade agreements should be the basis for the maximisation of benefits and the learning of lessons to take back into new negotiations.

As we have seen from the establishment of the Office of Budget Responsibility in 2010, an independent body can bring rigour and the latest global thinking into a discussion, even if it cannot solve all the problems. Spanning government, Parliament, the expert community and other stakeholders, this in turn should provide a coherence to discussions.

While the UK has many fine trade analysts inside and outside government, a substantive publicly funded body would provide the assurance that quality trade policy analysis would always be available when required. The neutrality of that body would provide assurance that the analysis would be unbiased and hence more likely to command widespread acceptance. On the other hand, mere commentary is not enough. The analysis needs to be practical and to recognise the various constraints under which public policymaking occurs to an extent sufficient to make a useful input into government processes. For this reason, for all its independence, the reconstituted Board of Trade must also have good working relationships with Parliament and government.

Independent but officially funded expert analysis of international trade and trade policy is not uncommon elsewhere. Although they differ in their details, we see it in Sweden (The National Board of Trade or *Kommerskollegium* – see Box), the United States (the US International Trade Commission) and Australia (the Productivity Commission). The revamped UK Board of Trade should be learning lessons from all such organisations.

### Sweden's Board of Trade

Among trade policy specialists, the prospect of a UK Board of Trade will sound familiar given the existence of a similar body in Sweden, the *Kommerskollegium* or National Board of Trade<sup>10</sup>. The mission of this organisation is to provide “the Swedish Government with independent analysis, reports and policy recommendations as well as advice and take into account the views of businesses of all sizes in international trade policy-related matters.”

Interestingly it also participates in international negotiations and has an explicit goal of “a well-functioning [EU] internal market, an external EU trade policy based on free trade and an open and strong multilateral trading system – all with regard to sustainable development”. Both the institution and its staff are widely respected as a centre of expertise for trade policy, and their reports are typically well-received.

While our proposed UK Board of Trade would not follow the exact parameters of the Swedish organisation, there is not a complete coincidence in their similarity. Going back to the period soon after the referendum of 2016 there were those who were already suggesting the UK would benefit from establishing something similar<sup>11</sup>.

<sup>10</sup> For more about this organisation see *Kommerskollegium National Board of Trade Sweden (2024) 'Our Mission'* <https://www.kommerskollegium.se/en/about-us/our-mission/>

<sup>11</sup> 'Ideally one would also want accountability in the form of an independent body which could scrutinise trade agreements and related policies' David Henig for ECIPE (2018) 'Assessing UK Trade Policy Readiness' <https://ecipe.org/publications/assessing-uk-trade-policy-readiness/>

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### Why the Board of Trade?

In the form of the Board of Trade, the UK already has a name and a loose structure originating in the 17<sup>th</sup> century with a long tradition of advice and analysis at the heart of trade policy. Returning to its early role, the Board can be quickly revived to meet the requirements discussed.<sup>12</sup> Indeed bringing together a necessity to think much more deeply about UK trade policy in an age of complexity with a venerable but ill-defined public body could be seen as very much in the tradition of UK policymaking.

As we noted above, the Board of Trade has not been a major contributor to UK economic welfare of late. In 2017 it was asked “to ensure the benefits of free trade are spread throughout the UK”,<sup>13</sup> to which purpose it produced half a dozen reports on trade in different sectors. It was then re-oriented towards export stimulation and promotion, as one of several parts of government talking with CEOs about how to raise exports, and in late 2023 was enlarged to cover food and drink, education and creative industry companies<sup>14</sup>. None of this has yet proven obviously effective and there is no particular reason why such a specific function should reside in the Board of Trade, let alone be its sole purpose. Our proposal would return the Board to its previous broader and more central role in UK trade policy and place both the Board and policymaking on a much firmer footing.

There is a trade-off in using a ‘second-hand’ name. In the absence of legislative changes, the use of the name implies certain restrictions, not least that members of the Board of Trade must also be Privy Counsellors. On the other hand, it provides an obvious and immediately recognisable rootstock on which to graft a twenty-first century operation. Such are the constraints and opportunities in policymaking. We recognise that opinions may differ but on balance we favour making a quick start on the reform of the existing UK trade policymaking architecture.

### 3. Governance and Organisation

A reconstituted Board of Trade should be established as a new non-departmental public body (NDPB). This is a well-established path for similar functions offering public service where there is considered to be an advantage of operational independence<sup>15</sup>. Examples of NDPBs include the Environment Agency, British Council, and most comparably, the Office of Budget Responsibility.

Within this structure, one could envisage several models of governance. The challenge is to create a balance between expertise/experience, independence from government, stability in the long-term policy vision and the fact that government, and to a lesser extent Parliament, must have a material role in the composition of a body with which they are intended to work closely. We suggest here one model that we believe achieves this balance but recognise that the details would inevitably be discussed further as the Board is established.

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<sup>12</sup> A short history of the Board was written by Martin Stanley (2023) in ‘Presidents of the Board of Trade’ [https://www.civilservant.org.uk/library/President\\_of\\_the\\_Board\\_of\\_Trade.pdf](https://www.civilservant.org.uk/library/President_of_the_Board_of_Trade.pdf)

<sup>13</sup> The Guardian (2017) ‘Liam Fox ridiculed for being only member of new UK board of trade’ <https://www.theguardian.com/business/2017/oct/12/liam-fox-only-official-member-new-uk-board-of-trade>

<sup>14</sup> Gov.UK (2023) ‘Government unveils new Board of Trade with UK’s top CEOs’ <https://www.gov.uk/government/news/government-unveils-new-board-of-trade-with-uks-top-ceos>

<sup>15</sup> Gov.UK (2023) ‘Guidance Public Bodies’ <https://www.gov.uk/guidance/public-bodies-reform>.

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Fuller details are given in the Appendix, but briefly our proposal is that

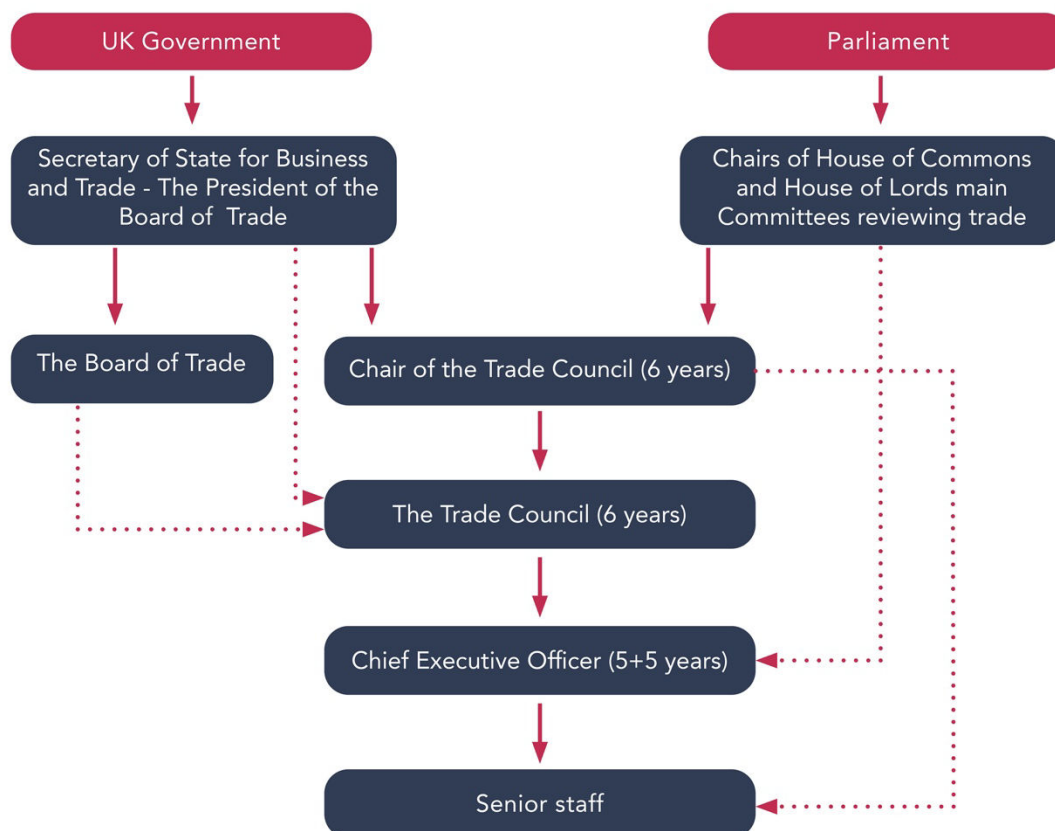
- In the name of tradition, the responsible Secretary of State should continue to be styled as President of the Board of Trade, have a role in appointments and be responsible for the legislation on the Board's structure, aims and objectives.
- The Board of Trade itself would comprise four other members, no more than two of whom have membership of the same political party. If the Board remains a committee of the Privy Council, it could comprise recent former Ministers of Trade (or related issues), on appropriate terms. The Board would meet at least annually to receive the Annual Report and would be consulted on future strategy.
- The main decision body would be a Trade Council headed by a Chairperson appointed by the President and the Chairs of the relevant Parliamentary Committees. The Council would comprise around a dozen senior stakeholder representatives drawn from a broad range of backgrounds and organisations. It would oversee strategy, operations and external representation, and would ensure that reports were informed by differing points of view and regional variations. Council members would partly be nominated by the President and mainly by the Chair and approved by the Board; they would serve one six-year term.
- The Council would appoint a Chief Executive Officer in consultation with the Chairs of the relevant House of Commons and House of Lords committees. They would be appointed for a once-renewable fixed term of office of five years.
- The Chairperson, CEO and other senior operational staff would be responsible for ensuring smooth relations with government and Parliament. All Board of Trade reports would be presented formally to both, and senior staff and experts would be expected to be available to discuss their content with relevant committees and the devolved parliaments.

Table 1 summarises the leadership roles in the Board of Trade.

**Table 1: Proposed Governance and Leadership of the Board of Trade**

Position	Number	Terms (years)	Appointed by	Notes
President	1	open	Government	Secretary of State for Business and Trade (SoS)
Board of Trade	4	open	Secretary of State	No more than two from any one political party
Chair of Trade Council	1	6	SoS with consent of Chairs of Parliamentary Committees.	
Trade Council	12	6	SoS but mainly the Chair; approval by the Board	
CEO	1	5	Council but consulting Chairs of Committees.	Term is once-renewable; Director-General level
Senior Staff	5-6	open	CEO, advice from Chair	Using Civil Service criteria and procedures.

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As noted, we would envisage further discussion on the governance model. Ours is admittedly complex as it seeks that balance outlined at the beginning of this section, and as one alternative, with sufficient safeguards we could conceive of combining the Board and the Council into a single body. This presents no serious constraints given that at present the Board of Trade comprises one person (sic) – the Secretary of State – and 24 advisors, who need not be members of the Privy Council.

Staff including the CEO would be expected to work closely with government colleagues to ensure a shared collective understanding in particular with economists and lawyers within departments and devolved administrations. While disagreements over substance can be expected (welcomed, even), they should be managed. A serious breakdown in relations would threaten the value of the Board of Trade and in this situation, which would have to be verified by the relevant House of Commons Committee, the Secretary of State should have the power to replace the Chair who could then, if necessary, seek a new CEO – in both cases regardless of periods of appointment.

Beyond any formal structure, we expect that successful functioning of the Board will be dependent upon, and in turn foster, the broader UK trade policy community. While the latter has been placed under strain by the divisive nature of the last few years, ultimately the establishment of a stable and successful trade policy, and hence success for the Board and for the country, will rest on a degree of consensus backed up by various connections between the stakeholders. Staff will be expected to recognise this in their work.

There should be no requirement for the new body to be based in London or even, indeed, in England. Trade academics and stakeholders can be found across the UK, and there would be a logic

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to linking to an existing facility. Wherever the chosen location, however, staff members should expect to travel to engage with stakeholder communities across the country, presenting and gathering evidence, and attending periodic governmental and Parliamentary meetings.

As per the Office of Budget Responsibility, the overall aim of the governance structure of the Board of Trade would be to ensure that it meets the core functionalities of being sufficiently representative and providing sound analytical advice working independently but in partnership with government and all relevant stakeholders. This will in turn contribute to effective long-term trade policymaking in the UK.

## 4. The Board's Operations

### Overview

The Board of Trade's main activities will be to analyse, advise, solicit stakeholder views on and report on the UK's approach across the area of international trade. Some core tasks will be mandated in its foundation, while others would be selected once operational. Consulting with government where necessary, the Trade Council will be the ultimate governor of the Board's work-programme, and will ensure all work is published with only very limited exception in case of specific government request.

Among the mandated tasks we envisage are to:<sup>16</sup>

1. Produce an annual report on the UK's trade policies and trading performance in the context of government trade strategy. This should be accompanied by appropriate public events, subject to interrogation by the relevant Committees in both Houses of Parliament and, following that, to debate in Parliament. It should include an assessment of the likely effects of major regulatory changes on international trade outcomes.
2. Conduct *ex ante* and *ex post* (after, say, 5 or 10 years) impact assessments of major regulatory and trade policy changes and trade agreements (including, where significant those on digital trade or mutual recognition). These would cover their social, economic and environmental impacts including coherence with policy in other spheres and should be delivered to both the relevant Commons and Lords Committees informing parliamentary procedures<sup>17</sup>.
3. Engage widely with UK stakeholders on the broad structure of trade policy (rather than individual sectors or trade barriers), and prospective and recent policy developments, with a view to reflecting this context in their reports.

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<sup>16</sup> This list is closely modelled on that in L Alan Winters (2024) 'How do we make trade policy in Britain? How should we?' Centre for Inclusive Trade Policy Working Paper 011. <https://citp.ac.uk/publications/how-do-we-make-trade-policy-in-britain-how-should-we>

<sup>17</sup> In particular should, as we would suggest, the government enhance the scrutiny of trade agreements along the lines suggested by, for example, the Public Administration and Constitutional Affairs Committee (2024) 'Second Report - Parliamentary Scrutiny of International Agreements in the 21st century' (<https://committees.parliament.uk/work/1152/the-scrutiny-of-international-treaties-and-other-international-agreements-in-the-21st-century/publications/>), Holger Hestermeyer and Alex Horne (2024) 'Treaty Scrutiny: The Role of Parliament in UK Trade Agreements', CITP Briefing Paper 9 (<https://citp.ac.uk/publications/treaty-scrutiny-the-role-of-parliament-in-uk-trade-agreements>) and [Winters, ibid.](#)

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Among the more discretionary work would be:

4. Advise the government on the impact of regulatory and other major policy developments on trade, especially on increases in trade barriers arising from them. These assessments would highlight the links between trade and other policy areas, flag issues, and consider the coherence of trade objectives with wider domestic policies.
5. Publish occasional analyses of trade issues, comprising at least:
  - a. Analysis of key developments in international trade, their determinants and trade policy options arising, collaborating with Parliamentary Committees as requested and providing evidence and associated recommendations to the UK Government.
  - b. Detailed work on specific subjects of relevance to the UK including, for example, enhancing services opportunities, attracting new investment that will boost trade performance, and interrogating firm-level data for information on performance.
  - c. Explaining key issues in international trade and trade policy to the public and to stakeholders. Examples of this kind of analysis might include the identification of new opportunities for UK traders, an assessment of UK policies towards free trade agreements in general, unilateral preferences, and the links between trade and climate policy.
6. Support specific requirements faced by the UK Government such as with regard to the World Trade Organization (WTO) Trade Policy Review in 2025.

The Board should aim to become recognised both nationally and internationally as a centre of excellence for the analysis of international trade and trade policy. Whilst this would take time, we would expect, as an organisation imperative, that outputs should be of an equal quality with the best from outside government.

### The work programme - Publications

#### *Annual Report*

The Board's flagship output would be its annual report on UK trade and trade policy. This should comprise a summary of trading performance and of the policy regime, and a more detailed account of developments across the policy and trade agreement landscape over the reporting period. The latter would examine thematic policy areas and various types of trade agreements (e.g. including FTAs, Mutual Recognition, Digital Trade Agreements, etc) at all stages of development from conception to implementation and include brief reviews of effectiveness. In addition, we could envisage a number of extra chapters that discuss in more detail with specific issues of importance. These would obviously vary from year to year. This report would be produced primarily in-house and adopted by the Council, but provision would be made to discuss an outline and/or early draft with Board members.

#### *Impact Assessments*

Other elements of the work programme will depend on circumstances, but current trends suggest that in future there will be fewer new free trade agreements (FTAs) than in recent years. This could however be offset by an increasing number of *ex post* analyses as well as looking at arrangements other than FTAs. Where there are major new agreements, the *ex ante* impact analyses for FTAs should be conducted twice: first, as the government already does, early on with a view to assessing the value of negotiations and key issues that they should face. Second, presuming that the level of Parliamentary scrutiny is raised from its current level, a more detailed assessment of something very

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close to the final agreement conducted in time to feed into Parliament's voting and ratification procedure. The *ex post* assessments will need to consider implementation – a significant weak spot in recent UK trade policy – as well as the actual outcomes of implemented policies/agreements.

Impact reports may draw on inputs from non-governmental trade experts, but they have to be carefully guided and fully owned by the Board staff, because of the reports' formal role. The *ex post* assessments of policies may be more substantially out-sourced – as the EU does with its evaluations of FTAs – but staff would still need to play a significant role in defining and quality-assuring the studies.

### *Regulatory and policy coherence*

While FTA-related work may shrink, the nature of modern trade barriers requires much more attention to be given to questions of regulation and trade, particularly in services. These could come in assessments of other types of trade agreements such as those covering mutual recognition, or in the examination of the impact of specific regulations, whether of the UK or other countries.

Anticipating that UK policymaking returns to a calmer and more thoughtful form (quite independent of the political colour of the next government), many of these regulatory questions are likely to involve the desirability of greater coherence with the European Union. A good example is the growing body of trade and climate change regulation, where there will be impacts both on trade and wider policy objectives. While examining existing regulations should be easier than looking at new regulations *de novo*, achieving coherence with the EU will certainly involve a great deal of considered thinking as well as detailed negotiation in which the government and Parliament should call on Board staff to assist with *ex ante* and real-time analysis. While the staff may need to call on some external expertise, there will clearly need to be significant in-house knowledge if they are to be able to advise on negotiation and/or implementation of regulatory policies.

### *Ad hoc reports*

While the portfolio of *ad hoc* reports cannot be known at this point, a large part of the success and failure of the Board will be seen in its selection of occasional papers. These will fulfil different purposes, some focusing on global developments, others on more detailed analysis of UK conditions, but all of them must seek to advance the UK's trade policy discussion. There should be provision for Government and Parliament and their devolved counterparts to propose topics for such reports.

The *ad hoc* reports need to be useful practically and sufficient in number to establish the Board as a useful and credible source of expertise. The Swedish National Board of Trade published fifteen such reports in 2023 – see table 2. These are generally syntheses of available but perhaps not widely known information rather than primary research results; their recommendations are measured and fairly general and are also more commonly implicit than explicit. However, they set the context for policy debate and, at least in translating between technical and political dimensions, help significantly in defining policy positions.



Table 2 Reports published by the Swedish National Board of Trade in 2023

Title	No. of pages
The underappreciated role of imports	3
Potential Impacts of EU Due Diligence Obligations on Companies' Suppliers in Developing Countries	33
Circular Economy Product Labels	26
The E-Commerce Negotiations in the WTO: Understanding non-participation	33
Do Provisions in Free Trade Agreements Diversify Trade?	25
Government subsidies in manufacturing sectors	25
The importance of imports for productivity and exports	24
Productivity Effects of Foreign Acquisitions in Sweden: A sectoral analysis	43
The WTO Appellate Body Crisis	38
The Swedish market for processed food	12
The Swedish Market for Food ingredients	23
The Role of Trade in the Green Transition	51
Innovation, AI, Technical Regulation and Trade	31
The New Gains from Trade	28
Trade rules for a circular economy	42

The *ad hoc* reports must seek to place UK trade policy debate on a reasonably common fact base, and as such be primarily concerned with transferring information rather than with influencing policy directly. As such they may more easily use external consultants than most other elements. However, shorter explainers will also be suitable media for establishing Board staff broadly as useful experts, and so should probably be in-house. Whoever conducts the bulk of the work, as Board publications all reports require staff oversight, and should ideally also have staff involvement at the analytical level in order to build up staff expertise and give a degree of comparability across reports.

It may be objected that some of the tasks discussed above are already carried out within government Departments. The purpose of reallocating them to the Board is not to criticise current work but to place it on a firmer footing, to enhance the credibility of the output for example with Parliament and to open it up to inputs and scrutiny by a wider set of stakeholders and experts. The Board will not replace all consultations and meetings that the Government has with stakeholders, but it will provide a common understanding and fact-base for broader discussions of trade policy.

#### *The work programme - consultations*

To fulfil its purpose, the Board must have extensive consultation with stakeholders. For example:

- Meetings arranged around the Annual Report: a series of meetings on a preliminary draft (consultations are much more effective if the consultor proposes a concrete draft rather than just asking 'what do you feel about UK trade') and meetings following the publication. It is important that, collectively, these be broad in their coverage by sector, nature of activity, geography, etc.
- Similar meetings scheduled around the major FTA impact assessments and evaluations, and, as appropriate, around some of the Board's *ad hoc* publications (e.g. where major policy issues are explored).

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- Regular fora with different sectors at which stakeholders' views may be presented and collected.
- An open 'suggestions box' into which stakeholders and the public could drop suggestions for trade policy issues. There would be no guarantee of any response beyond a standard acknowledgement, and certainly not of any action, but it would allow the Board to monitor sentiment and ideas.

An issue beyond the scope of this paper is how to ensure that non-commercial interests are suitably resourced to engage in these processes<sup>18</sup>. There are a number of possibilities. A sufficiently staffed Board of Trade may have staff members working with particular groups. For the Annual Report, a public relations firm or a lead provider in each sector might be engaged to collect and present views, but with the proviso that their list of correspondents will be suitably representative. Alternatively, the government could offer funding to standing bodies for the various less-well-resourced interests, to ensure that they can contribute meaningfully on trade issues. After all, trade accounts for around one-third of UK output and consumption and supports perhaps 6.5 million jobs. It is a big issue.

In all of its activities, there would need to be strict monitoring to see that the Board did not get drawn into sectoral or firm-specific lobbying. Obviously, this injunction will not be achieved 100% of the time and proposals on general policy may come from a single source, but the Board should be clear that except in cases where it has sought specific information or can aggregate responses into broader views, it will not take up proposals dealing with specific policies affecting individual firms or sectors.

Recognising that not everyone has the same passionate interest in trade policy as the authors, it may be that there are relatively few considered comments on government trade strategy. That is not necessarily a problem, and it will be an important task for Board staff to find ways to engage with stakeholders effectively. A major perceived problem with current consultation processes is that the Government asks for views only on its own agenda and on its own terms. Stakeholders need a route into the agenda and into seeking accountability; providing this via an independent body with a set schedule of meetings is one obvious way of achieving this. Initial struggles to solicit input would not justify letting the processes die away - only after significant periods of somnolence should any consultation process be discontinued; we suspect that this will not happen.

### *Relationships with other bodies / proposals*

There have been suggestions that a Board of Trade could take on wider functions, but we are cautious about this. For example, the Swedish National Board of Trade states among its purposes that, 'We help companies find information, solve problems and influence legislation in the field of international trade.' We suggest that communicating existing policies and regulations and problem-solving within them remain part of the Government's mandate. To shift these to the Board would seem contrary to its role as an independent analyst. Moreover, many current problems that we observe in trade and regulatory matters appear to arise because policy has been rushed into implementation without sufficient thought or information transfer to the front-line advisors. To insert the Board into the policy-implementation process at this late stage creates a significant risk of reputational damage arising from things it cannot control. 'Influencing legislation', on the other hand, remains firmly part of the Board's remit in terms of providing robust information and is achieved, *inter alia*, through the stakeholder consultations.

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<sup>18</sup> For discussion of this issue see Petetin, L; Whitmore, C; Burmeister, A (2023) 'Addressing barriers for Welsh institutions and civil society to contribute to UK trade policy, CITP Briefing Paper 6' <https://citp.ac.uk/publications/addressing-barriers-for-welsh-institutions-and-civil-society-to-contribute-to-uk-trade-policy>

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A further area that we think is best left outside the Board's remit is trade remedies (save perhaps for periodic review of the effectiveness of the overall system). The UK already has the Trade Remedies Authority (TRA),<sup>19</sup> which carries out the analytical work required for possible anti-dumping, anti-subsidy and safeguards measures in line with WTO rules. Its work is similar in one way to the Board of Trade's – both carry out impartial studies to help Ministers in their trade policy decision-making. However, with its sectoral and even firm-level focus, the TRA's work is very specific and is concerned purely with the implementation of a given policy rather than with policy formulation. Besides, seeking to fit the TRA into a new structure is likely to be disruptive in the short term.

Similar consideration applies to the Trade and Agriculture Commission<sup>20</sup>, which looks at one specific element of trade policy - the impact of completed Free Trade Agreements on food standards. We suggest that this is also best left to continue in its current form although we would suggest cooperation between the Board and the Commission on wider issues surrounding agricultural and food trade.

Looking more broadly, there has been a call for an independent policy institution focusing on growth and productivity.<sup>21</sup> If modelled on the Australian Productivity Commission this could bring trade policy together with other economic issues. While there are clearly overlaps between this and an independent Board of Trade, and cooperation would be essential, we see major risks in including trade policy within the wider remit: both trade and productivity are complex issues requiring specific and dedicated expertise; besides, prioritising across the whole range of issues could frustrate hopes for an early harvest on trade, and going forward, mean that trade issues receiving insufficient analytical, Parliamentary and public attention. To reiterate, around one-third of UK output and use of resources (consumption and investment) are traded.

### Staffing

To have impact, a Board of Trade must have sufficient high-quality staff. Reports must be robust and clear, stakeholder engagement must be extensive and designed for generalists and specialists alike, and chosen topics must reflect what is valuable and topical. This will require investment.

Importantly, the Board's work is defined in terms of high-level objectives, rather than specific policies or outcomes. This should provide a degree of insulation from changes in political priorities and preferences and facilitate the development and projection of a long-term vision for UK trade, which has to be one of the main objectives of the restructured Board.

Long-term vision, which has been sorely missed in UK policymaking in the last decade, will provide a coherent structure for developing and assessing future policies and encourage a degree of stability which, in turn, will be necessary to induce firms here and abroad to invest in trade with or by the UK. Protection from short-term fads and fashions in policy will also help the Board to develop expertise in what is a complex and wide-ranging policy area, which will further reinforce stability and consistency.

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<sup>19</sup> Gov.UK, 'Trade Remedies Authority', <https://www.gov.uk/government/organisations/trade-remedies-authority/about>

<sup>20</sup> Gov.UK, 'Trade and Agriculture Commission', <https://www.gov.uk/government/organisations/trade-and-agriculture-commission>.

<sup>21</sup> The Productivity Institute, 'The Productivity Agenda', <https://www.productivity.ac.uk/research/the-productivity-agenda-report/>

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### *Technical capacity*

The tasks outlined are mainly analytical and so the staff needs to reflect this, with economists, statisticians and lawyers most prominent. As discussed, regulatory expertise is also likely to be required in areas like climate change. The Board would also need strong IT and data-management skills. International trade requires managing data from multiple sources, understanding its strengths and weaknesses and making it conveniently available to operational staff.

The staff of the Board could be either public servants outside the Civil Services (as with the Trade Remedies Authority) or part of the Civil Service, but as employees of the Board, not generally on secondment to it (as with the Office of Budget Responsibility). Any closer relationship with Government Departments could appear to threaten independence. We envisage the staff generally spending significant time in the Board, in order to develop expertise. One feature of similar bodies in other administrations is the length of their staff tenures. This raises the HR challenge of keeping hold of technical experts by rewarding them without promoting them out of analysis and into (a probably limited number of) management roles. A second HR priority must be to maintain the diversity of the workforce in order to benefit from a breadth of views, experience and approaches.

As noted above, some Board tasks might be outsourced, but the Board needs to retain sufficient expertise in-house to be able to guide the agenda and oversee the quality of the outsourced work: outsourcing is much more than a matter of administration in this sort of work. Our belief is that maintaining the expertise to manage skilled workers outside the organisation will require staff with sound analytical experience who continue to do analytical work in a blended team.

It is possible to recruit technical expertise externally, e.g. from think tanks and academia, on a short-term basis for specific projects. However, this cannot become the dominant source of technical knowledge because the Board requires a somewhat more practical focus than these sectors generally have, and good recruitment absorbs significant amounts of staff time. In addition, the Board may wish to engage a handful of senior experts on a part-time basis, who can offer broader overall experience.

We could further envisage a possible source of expertise in *ad hoc* Advisory Groups to test and advise on specific technical issues. In addition, combining staff training with advice, we suggest convening regular conferences / meetings with the trade analysis community, where both staff and externals would present material.

### *Outward-facing capacity*

Beyond the trade policy specialists, a second group of essential staff is those leading on the interface with the public. Neither MPs nor the public are experts on trade and yet they need to be kept informed. Preparing accessible but credible material is a key function and should receive high priority. A Board which was perceived to be issuing a biased selection of ideas and evidence would repeat the recent failings that have led to the current lack of credibility. Equally important is soliciting and receiving views from stakeholders and the public. Clearly, technical staff need to be involved in both these activities, but they need to be led by communications specialists.

The Board also needs a strong public relations arm. Early in its short life to date, the Trade Remedies Authority was unceremoniously ignored and then largely neutered by the government.<sup>22</sup> Had there

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<sup>22</sup> See Winters, L Alan (2023) 'Adam Smith's Wealth of Nations is still relevant to UK trade policymaking on international trade', *National Institute Economic Review*, vol. 265, pp. 26-38,

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been a more obvious and immediate public and parliamentary presence this might not have been so easily achieved. An effective Board of Trade needs real independence, which entails, inter alia, the government abiding by its commitments in establishing it and not being able to easily change its functions as soon as they become politically inconvenient.

### *Leadership*

As noted above, the staff function of the Board would be led by a Chief Executive Officer (most likely at Director-General level) who would be supported by a number of senior civil servants or equivalent. It is important that these senior roles be filled by people with recognised expertise in international trade and trade policy, whether in policymaking, research and analysis, from stakeholder communities, or as leading contributors of a significant trading enterprise.

### Staff complement and budget

The staff numbers and budgets of a few UK institutions comparable with our proposed Board of Trade are given in table 3 below.

Table 3 Staff Complement and Budgets of similar UK Institutions, 2022-23

Organisation	Complement (no.) <sup>*</sup>		Budget (£ mn)	
	total	o.w. SCS <sup>††</sup>	total	o.w. staff
Trade Remedies Authority (TRA)	140	7	16.6	10.2
Office for Budget Responsibility (OBR)	45	2	4.4	3.7
Competition and Markets Authority (CMA)	904 <sup>**†</sup>	123	112.7	80.2
Committee on Climate Change (CCC)	42 <sup>†</sup>	4	5.9	3.5

Sources: Organisations' Annual Reports, 2022-23

\* Excludes Board members and equivalent

\*\* of which 99 are non-permanent

† FTEs

†† Senior Civil Service

These organisations are different from each other and from the proposed Board of Trade. However, their situations offer some guide to what resourcing may be needed.

- The TRA and CMA have legal and adjudicatory roles (albeit with the possibility of governmental over-rule) whereas the OBR, the CCC and the Board are providers of information, analysis and advice (evaluation). The latter duties require fewer staff than the former.
- The OBR covers the whole economy but at a very high level of aggregation, whereas the CMA and the TRA are concerned with very detailed studies of specific markets. The Board of Trade is unlikely to engage in such detailed studies very often, but its mandate will certainly require a more disaggregated focus than the OBR's.
- The CMA reports an expenditure of £0.8 million on consultancy – presumably further reflecting the very detailed nature of its work. (The others do not report the figure.)
- The CMA also has a much higher proportion of senior staff within the total complement and the highest average pay, possibly reflecting this. The TRA and OBR have similar senior staff ratios to each other, but the former has substantially lower average pay per staff member,

<https://citp.ac.uk/publications/adam-smiths-wealth-of-nations-is-still-relevant-to-uk-trade-policymaking-on-international-trade>

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possibly because as a young organisation it has experienced little pay drift to date. In the CCC, Committee members appear to play a more substantive role than in the other organisations, effectively delivering more senior guidance and oversight.

- None of the organisations reports outsourcing work and casual observation suggests that the first three organisations in the table may do rather little of it, while the CCC does at least some. We envisage a significant amount of outsourcing for the Board of Trade.

For further comparison, the Swedish National Board of Trade has approximately 100 staff and a budget of approximately £10 million (for 2023); around one-quarter of the latter is ring-fenced for trade-related development aid (e.g. aid for trade), a responsibility not shared by the proposed Board of Trade, but on the other hand, much of the analysis of trade policy for Sweden resides with the European Commission.<sup>23</sup>

Taking all these factors into account, our rough guess is that a fully functional UK Board of Trade may require a complement of 90 (with maybe 5 or 6 senior posts) and cost around £10 million p.a. at today's prices. We would envisage that some of the total cost would be covered by a reduction in similar analytical activity, and therefore cost, within government. That budget needs to allow funds for supporting some of the stakeholder engagement and consulting external expertise, but the latter costs should be carefully contained.

### Impact and Review

Given the importance we are ascribing to the Board of Trade in delivering a better UK trade policy, there must be a regular consideration of its impact and how its work can be improved. In the early years this will be a necessary part of earning respect from the entire trade policy community; once achieved, it will be necessary to retain relevance and impact.

We can expect that stakeholders in the process will express opinions on the outputs and the consultations, and the relevant Parliamentary committees may also want to subject the Board's work to periodic review. We would also expect that the government would discuss its expectations of the Board and the Board's contribution towards them in periodic reviews.

Creating a formal review process would feel like adding too much bureaucracy, but we would expect the Chairperson and CEO to consider performance on a regular basis. A reasonable expectation might be that the Board would make significant contributions within three years and be considered an integral part of delivering UK trade policy success within five years of establishment.

## 5. Establishing an independent Board of Trade

The new functions of the reconstituted Board of Trade can be initiated immediately. Drawing on the precedent of the Office of Budget Responsibility, it can be established in shadow form once a government settles on doing so.<sup>24</sup> Further drawing on this example, the principle of independence must be explicit and observed from the start and we would recommend that the Board is given an immediate remit to produce a 'state of trade' report on all of the UK's existing trade arrangements (not just trade agreements). This would include:

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<sup>23</sup> We are grateful to Anna Stellingier for this information.

<sup>24</sup> House of Commons Treasury Committee (2010) 'Office for Budget Responsibility' <https://publications.parliament.uk/pa/cm201011/cmselect/cmtreasy/385/385.pdf>

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- The UK's overall trade performance in goods and services in recent years, including sectoral / regional breakdowns, and basic policy settings such as tariffs and services trade restrictions;
- Compiling a list and brief account of different trade arrangements, including Free Trade Agreements, Mutual Recognition Agreements, Memoranda of Understanding, dialogues such as Joint Economic and Trade Committee (JETCO). The account would include basic statistical information such as preference utilisation and preliminary views on priorities for enhancing the value of such arrangements;
- An outline of negotiations in progress;
- A list of ongoing stakeholder engagement, including participants; this would include those occurring within specific trade agreements.
- A brief assessment of areas in which policy might usefully be reviewed/developed, including whether policies have been implemented effectively and/or the effects they might have had.

This report would provide a baseline for further activity for both policymakers, such as those developing a trade strategy, and also future Board of Trade reports. We would also recommend that some more specific reports were launched early on, for example on aspects of Trade and Climate Change.

This work would be conducted by existing government officials moved into a new unit for the purpose, overseen by an interim CEO and Council. While this work is ongoing, more detailed planning should take place on establishing the new Board of Trade formally, including through consultations with stakeholders and devolved governments. To be widely credible, including at senior levels of government, the new Board will need to be placed on a statutory basis by primary legislation including its obligatory engagement with Parliament (including in its senior appointments).

Such an immediate work programme should help to provide some renewed coherence and momentum to the UK trade policy agenda, which has appeared to be stalling in recent months.

## 6. Conclusion

Establishing an independent Board of Trade cannot alone transform UK trading performance. What it can do is raise the consistency, broaden the inputs, and enhance the professionalism with which trade policy is carried out, as the foundation for a more coherent approach to achieving UK policy aims. Given that these aims will span many different areas from growth to climate and small business exports to attracting inward investment, it is necessary to think hard about the coherence of the overall regime. Further, the UK needs to find a far greater consensus on what it wants to achieve from trade policy than it has achieved so far. A common, respected, fact-based and analytical framework is a necessary starting point for this.

Collaboration is another requirement for successful trade policy, and one where the Board of Trade can also enhance the current situation. By operating across government, Parliament, and stakeholders, it can be a source of common understanding and purpose. As is the case with the model of the Swedish Board of Trade, this means working simultaneously at arms-length and together with government; achieving this balance will be critical to its success.

Part of the UK's strength lies in its ability to exploit its history in the service of modernising the state and its apparatus. Deploying a venerable government body such as the Board of Trade in this new capacity will be to take inspiration from such success. After the frustrations and difficulties of finding a convincing post-Brexit trade policy, such a combination offers an excellent opportunity for future improvement.

## Appendix: A Possible Governance Model

This Appendix outlines a possible governance model in more detail than in the text, though one could envisage several different models. The challenge is to create a balance between expertise/experience, independence from government, stability in the long-term policy vision and the fact that government, and to a lesser extent Parliament, must have a material role in the composition of a body with which they are intended to work closely. We believe this model achieves these ends, but recognise that the details would inevitably be discussed further as the Board is established.

In the name of tradition and good relations with government, the responsible Secretary of State should continue to be styled as President of the Board of Trade. They would have a role in various appointments – see below – and be responsible for the legislation on the Board’s structure, aims and objectives.

In addition, the Board of Trade itself would comprise four members, no more than two of whom have membership of the same political party. If the Board remains a committee of the Privy Council, one possibility would be that it comprises recent former Ministers of Trade (or related issues), on appropriate terms. We suggest that members have terms of six years (to span at least two Parliaments), and that replacements for any who resigned would complete the original holder’s term and be eligible for one of their own.<sup>25</sup> The political spread and the use of former ministers is intended to create the sort of political continuity in the direction of UK trade policy that is a hallmark of the most successful countries in this field. The Board would meet at least once a year to formally receive the annual report and discuss direction for the year ahead.

Beneath the main Board of Trade, we envisage a Trade Council headed by a Chairperson. The latter would be appointed by the President with the agreement of the Chairs of the two relevant House of Commons and House of Lords committees which lead on trade. The Council would have the usual organisational governance functions – to include oversight of strategy, operations and external representation, as well as more specific tasks including ensuring that reports took into account differing points of view and regional variations. Other ad-hoc advisory groups may also be constituted, for example, to look at economic modelling, regional impacts, and new research in the field.

The Council would comprise around a dozen senior stakeholder representatives who should be drawn from a broad range of organisations including business, devolved government, trades unions, academia, and civil society. Members would serve for one term of six years with approximately a third rolling over every two years. The members would be formally appointed by the Secretary of State; in each round of appointments, the Secretary would nominate one member unchallenged, but the rest of the members would be nominated by the Chair and the whole slate would be subject to agreement by the main Board. Ensuring the broad range of representation would thus be a collective responsibility.

The Council would appoint a Chief Executive Officer in consultation with the Chairs of the relevant House of Commons and House of Lords committees. The CEO and other senior operational staff, along with the Chair, would be responsible for ensuring smooth relations with government and Parliament. All Board of Trade reports would be presented formally to both, and senior staff and

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<sup>25</sup> At the foundation, the terms would be staggered, so that there was more frequent but gradual turn-over – again to encourage a continuing long-term vision.



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experts would be expected to be available to discuss their content with relevant committees. Similar responsibilities would also apply to the devolved parliaments. A framework document similar to that produced by the OBR would usefully describe these relationships in more detail<sup>26</sup>.

We would recommend that the CEO of the Board of Trade be appointed for a once-renewable fixed term of office of five years. Candidates may come from within government or have served in a senior role in one of the stakeholder communities, and would be expected to have demonstrably deep trade policy and analytical expertise.

Conscious of how the WTO's Appellate Body has been emasculated by the refusal of a major player to participate in an appointment process, we suggest that in the absence of the Chair of the Council another member be appointed immediately as an acting Chair and that three months after the vacancy arises, the Secretary of State be required to address Parliament on the progress towards finding a successor and that if there is no appointment after a further three months, the appointment would require the agreement of only two of the three people involved in the normal process.

Table 1 summarises the leadership roles in the Board of Trade. As noted, we would envisage further discussion on the governance model. Our model is quite complex as it seeks that balance outlined at the beginning of this section, and as one alternative, with sufficient safeguards we could conceive of combining the Board and the Council into a single body. This presents no serious constraints given that at present the Board of Trade comprises one person (sic) – the Secretary of State – and 24 advisors, who need not be members of the Privy Council.

Table 1: Proposed Governance and Leadership of the Board of Trade

Position	Number	Terms (years)	Appointed by	Notes
President	1	open	Government	Secretary of State for Business and Trade (SoS)
Board of Trade	4	open	Secretary of State	No more than two from any political party
Chair of Trade Council	1	6	SoS with consent of HoC & HoL Committees.	
Trade Council	12	6	SoS but mainly the Chair; approval by the Board	
CEO	1	5	Council after consulting HoC & HoL Committee. Chairs	Term is once-renewable; Director-General level
Senior Staff	5-6	open	CEO, advice from Chair	Using Civil Service criteria and procedures.

<sup>26</sup> Office for Budget Responsibility and HM Treasury (2011) 'Framework Document' [https://obr.uk/docs/dlm\\_uploads/obr\\_framework040411.pdf](https://obr.uk/docs/dlm_uploads/obr_framework040411.pdf)