

John Alty



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UK trade policy pre-Brexit

UK in a Changing Europe (UKICE): In the run-up to the referendum, you were chief executive of the UK's Intellectual Property Office (IPO), which was an agency of the Business Department.

Were you at all involved in any of the pre-referendum work, such as the Balance of Competences Review? Did you have any impression of the way in which the Civil Service or your colleagues in the core department were preparing for the referendum?

John Alty (JA): We did have involvement in that, because the IPO was responsible for policy on intellectual property as well as delivery. For that purpose, in our area we were a bit like a directorate in central government.

However, we weren't very closely involved in the central work of preparing documents ahead of the referendum. I found out more about that when I turned up at the Department for International Trade (DIT).

UKICE: Where were you when you heard the referendum results and what did you think when you saw them come through?

JA: Interestingly, on the evening of the referendum I was on a train back from Newport and Chris Bryant was on the same train. I don't know Chris Bryant particularly well, but he had covered culture and intellectual property at one point, so I sort of waved to him.

You will have heard this from people much more intimately involved, but obviously I was picking up the vibes of what BIS (the Department for Business, Innovation and Skills) were doing. I can't remember if I went into BIS, because we had an office that was just opposite the main department.

But equally, I was involved in briefing sessions for our team about what this meant for the IPO because there was a whole set of European architecture on intellectual property, which the UK was part of.

Patents, for instance. There is a European Patent Office which, under a convention, the UK is still a member of. Ironically, when that was being set up the UK was not in the EU, it was in the process of joining, and so the French refused to allow the UK to participate in an EU institution when it wasn't a member. So, they set it up as a non-EU institution, which meant that we were still a member when we left.

UKICE: How quickly did you find out that actually there might be a job move in the offing for you?

JA: I had been in discussion with Martin (Donnelly) after the referendum, before DIT was set up, as I was a DG and I had worked in BIS on trade.

Martin had got me looking at some of the trade issues, but Samantha Beckett was actually the DG in charge of trade policy. Sam and I got on fine, and she had plenty of other things to worry about. So it was a slightly fluid arrangement for a few weeks, let's say.

At that point, we were drawing up large lists of people who we thought might have some trade expertise and could possibly be targeted or persuaded to come back.

One of your questions earlier was, 'What was the setup?'. There was a directorate, which was led by Chris Barton, that was responsible for trade

policy for the UK within the EU. Chris and his team were also doing quite a lot of thinking about what this meant. Jeremy Heywood was very focused on the need for trade capability as well, because he recognised that this was one of the areas that was going to have to be created from scratch if there wasn't a Remain result.

So, there was quite a lot of work going on thinking about what resources would be needed, and some initial thoughts about what expertise was around, but obviously it was very early days.

UKICE: What did trade policy involve from the UK point of view when we were in the EU? Obviously trade is one of the EU's competences, so what actually did the team you mentioned do?

JA: It is not so easy for me to answer that, because I wasn't involved before the referendum. Even, frankly, when I was involved between 2006 and 2010, the group I was running covered all sorts of regulation, labour markets and competition. On the whole, trade tended not to be the thing that was attracting most political attention.

But the UK, like other member states, was part of the machinery within the EU. There was a committee where the Commission sought views from member states about what it should do or told member states what it had done. And of course member states took decisions on EU trade policy. The impression I had was that the UK, unsurprisingly, was pretty active and influential in that forum, and worked with a group of member states who were liberalising in their general approach. But our contacts were less far reaching than those we had to subsequently develop.

For instance, when I arrived, I asked for a list of contacts who were my opposite numbers in countries around the world. When I was at the IPO, which was actually quite an international-facing organisation, I knew my counterparts in 50 countries and could no doubt communicate with more widely. But people didn't know.

They might have known in the US, and obviously they knew in Europe, but they didn't really know immediately, for example, who in New Zealand or India is the person that I should contact. I am not criticising that, it was because we

focused our efforts. We had a small team, and most of it was influencing the EU or in contact with the US, and no doubt with a few other major countries.

That was one of the benefits, actually, of coming from the IPO, because EU competence was a bit mixed in that area, so there was quite a lot that the UK did internationally as the UK and not a Member State.

Setting up the Department for International Trade

UK in a Changing Europe (UKICE): You had been doing this work before Theresa May came in. Then, she becomes Prime Minister and almost instantaneously announces the creation of two new departments – the Department for Exiting the EU and the Department for International Trade.

May takes trade out of the Business Department and brings it together with UK Export Finance and UK Trade and Investment to do investment promotion. She also abolishes the Department of Energy and Climate Change, and merges that into the Business, Energy and Industrial Strategy Department.

Had you had any sort of advance warning that that might happen? Were you prepared for the creation of a new department?

John Alty (JA): I don't think we had much – at least I didn't have much – notice. I don't think there was a massive rumour mill.

We thought there was going to be a lengthy leadership contest over the summer, where we would all have plenty of time to start preparing for a new Prime Minister. We thought we had three months to get our ducks in a row and start to do some of the work which had not been done ahead of the referendum. Then, everyone pulled out and Theresa May became Prime Minister overnight.

I think that sets the context that people were working in. Obviously, even before the leadership election collapsed we were not working to a leisurely timetable, but we were working to a longer timetable. I think people hadn't really thought about this to a massive extent.

UKICE: How quickly were the new structures set in place? There was a new

Secretary of State with Liam Fox's appointment, and the decision to bring Martin Donnelly across from BEIS as Cabinet Secretary, with Alex Chisholm newly recruited into DECC, taking over the Business Department.

Did you move instantly into the DG trade role?

JA: There was a brief period where Martin was responsible for both departments. But, as you say, Alex was brought in.

I was still chief executive of the IPO at that point. Initially, I handed that over temporarily to my deputy and said, 'I have got to focus totally on this', as I had done that once before at Martin's request. But within three or four weeks I had to decide, because obviously this was not a short-term thing. Either they recruited somebody in to do it or I moved.

For me, this was an incredible opportunity. It had its pluses and minuses, but I thought, 'No, I can't possibly miss out on this'. It was an area that I was interested in. So, Martin got agreement that I would just move across, and the IPO went off and recruited a new chief exec.

UKICE: When you came across into that, as you and Martin sat there with the trade policy group, what did you identify as the new, immediate issues that you needed to tackle to get this department off the ground and develop the capacity that the UK government hadn't had for 50 years or so?

JA: The challenges? You had very different organisations suddenly bundled together – I mean, that is not unique to this department.

My focus was obviously on trade policy. There had been discussion before the department was created, because we would have had to create a Group, to think about, 'Who should be the directors? Who knew about this stuff?'

We identified six or seven people with relevant experience. Some had left the civil service, others were managing the current team, we had an ex-FCO ambassador. This group of directors arrived over the summer. The only other people, apart from about 40 who had been in trade policy previously, were a load of Fast Streamers who could suddenly be rediverted from wherever they had been going to come to us and DExEU. They were great and enthusiastic,

but obviously not very experienced, so there was a massive sort of hole in the middle of pay band 1s and teams.

When building those teams and starting to recruit, we were thinking about, 'How do we organise this?' We did have a back of the envelope organogram that Chris and co had created, which for the first nine months or so was quite a good model.

But when you come into these things, where do you add value? One of the things that I think I did call right, as it were, was saying, 'We need a director dedicated to developing the model of this organisation', and Oliver Griffiths took on that role.

Oliver went round the world, to Australia and New Zealand, and I went with him to the US and Canada. We did go to Brussels, although obviously we knew how the EU set itself up to do trade policy, and to Geneva. We pulled together a view about how we should organise ourselves and what we needed, and made some useful contacts along the way. For instance, we had a Canadian company who provided training through simulated negotiations, and we did quite a lot of that.

That was a massive initial focus, at the same time as all the policy was starting to be set. We weren't in negotiations with the EU at that point, but we were setting out the parameters. That was obviously incredibly important for us because the parameters of the EU relationship had a massive impact on what we would be able to do.

As per normal, when a department is set up, the resources provided by the parent departments are a bit minimalist. Initially we relied quite a lot on the UKTI corporate functions because they were the only one that we had. But one of Martin's mantras early on was, 'We are now a department of state. We have got to have the functions that a department of state requires'. That meant press and IT systems and all that, when we were currently borrowing BEIS's IT systems.

It was all pretty rushed and frantic, trying to keep track of what was going on.

UKICE: Do you think you got a big enough budget at the start? Quite often

when you create new departments, you find that actually you don't have enough to do what you need. Was the Government on this occasion quite generous?

JA: I would give two answers to that. Most of what we had came from BIS. In fact, pretty well all of it did. It is just, frankly, inevitable that a new department does not get a particularly good deal on the corporate functions, because BEIS says, 'Well, we need all that. We can't give you half a person here and there'.

I mentioned Jeremy Heywood and the importance of his focus on this. Right at the start Jeremy said, 'Go ahead. Recruit and get on with it', for trade policy in particular. And so, we did.

It took a bit of time for budgets to be established and so forth. But Jeremy's support was incredibly important, I am sure, for Martin as Accounting Officer. And for us having the confidence to go out and not worry too much about money, but rather work out our plans and start to implement them.

The Treasury was pretty – it sticks in the throat to say it, but generous – in the circumstances. Frankly, our problem was not money. It was people. That was the thing – getting people in.

UKICE: At this time there were stories that, because of the lack of trade expertise and negotiating knowhow in the UK, DIT was very keen to attract people who had done senior roles in other similarly minded countries, but that the salaries were a bit of a barrier. That you were trying to bring in a big hitter from somewhere as either permanent secretary or second permanent secretary, but there wasn't enough money on offer to make coming to London attractive.

But finally, you appointed Crawford Falconer from New Zealand as chief trade negotiator, to complement Antonia Romeo as the new full-time permanent secretary. What was that recruitment process like?

JA: Well, I can honestly say that I wasn't involved in the appointment process for either the perm sec or the second perm sec, so I can't say whether the reports about the amounts of money and so on are true. We did look around and try to recruit people, and we got Crawford in.

By the time we had been going for a year or so, we had got a few hundred people. We probably had about twenty people with actual experience working for the Australian or New Zealand Government, and some people who had worked in the European Commission and so forth.

People also came in on a more temporary basis. I think the Australians lent us someone who was an expert on trade remedies. New Zealand was very helpful and sent over a guy to give their views on how we were setting things up. This was obviously years before we actually got into any negotiations with these people, so there was no concern about that.

But the bulk of the people had to come from either within government or externally from all walks of life. The main focus was on training and the development of people, in many cases from scratch, but also bringing in experts who could help do that.

UKICE: Did you see your role as creating a sort of cadre of trade specialists, who would stay doing trade negotiations and gain experience in DIT and other government departments?

Or did you regard it as a sort of toolkit? You would do a trade negotiation, and then in a typical Civil Service generalist way you would trot off and do something else completely unrelated for your next posting.

JA: I would say we leant more towards creating a cadre of trade specialists. One of the things which we established, and Crawford is the head of this, is the trade profession. I thought that it was a good balance, actually.

It was envisaged that there would be about four roles that would be particularly relevant to people doing this sort of work. One was, obviously, being in DIT doing trade policy. Secondly, as you say, there could be a placement in another department doing trade policy or trade-related work.

Thirdly, you could be overseas, in a post not necessarily doing trade policy but doing trade and investment work. And fourthly, there would be economic policymaking and domestic economic policymaking more generally.

We will have to see over time how that works, but to me that seems sufficiently

attractive to people, in that they don't feel that we are asking them to sign up to do trade policy for life. The role gives them enough variety and is broad enough, but it also tries to identify the cluster of skills and experience that will make people good on trade policy.

UKICE: And during this time, before the UK had even moved to trigger Article 50, what were you doing in DIT?

Clearly you have got the business-as-usual stuff on trade promotion, on export credits and so on, but were you actually working out what you would do?

Were you at all engaged with DExEU in preparing for where the UK might want the long-term relationship with the EU to go, as the Prime Minister started setting out some of her red lines?

JA: Yes, we were engaged with DExEU. Particularly over the first couple of years, there was a sort of two-pronged element to it. One was preparing for Brexit, and the stuff that needed to happen before that took place if we were going to be in the right place. The WTO was one of the first things that we focused on and was debated across government. The UK was already a member of the WTO, but what did it mean for us post-Brexit?

We realised pretty early on we would need some primary legislation, rollover deals and so on, so there was all that too.

Then, there was looking ahead to, 'Okay, so when we are out, what sort of trade policy will we want to have and what will our position be on certain things and where would it be different from the EU?'

We were some way off actually starting negotiations with people, but that was important because the deal that was done with the EU potentially would affect that. For example, if we were in a customs union then we wouldn't be able to negotiate on tariffs.

We had to identify the things, depending on where government policy was going in relation to the EU, that were important for us and in time-honoured fashion point that out to ministers and say, 'Well, you can do this, but if you do we won't really have an independent trade policy'.

UKICE: And as ministers moved to trigger Article 50, did ministers have a view on what they wanted to be able to do with their independent trade policy?

Theresa May mentioned it in her Lancaster House speech. Did ministers have a clear view of what the benefits were compared to, for example, having a closer relationship with the EU and therefore having less flexibility in what they could offer other countries?

JA: The Cabinet was split. There were people who had been strong Remainers and people who were strong Brexiteers. And so, there were, undoubtedly, different views amongst different members of the Cabinet about what sort of relationship there should be.

Clearly, people had views about what they thought Brexit should look like in terms of sovereignty and so forth, and those played a part in driving their view of what the relationship with the EU should be like. Eventually, DExEU published some economic analysis of the impact of different relationships with the EU. But that wasn't published for quite a long time.

I think all I would say is that from the DIT's point of view, we went through quite a rollercoaster. There were times when it looked like the government was going to take decisions which meant you might as well wind the department up. And there were other points at which we thought, 'Okay, this is probably going to work'.

Preparing for Brexit and an independent trade policy

UK in a Changing Europe (UKICE): One of the first splits that we saw over non-EU trade policy was between two Brexit supporters in the summer of 2017, with what we might term 'chlorinated chicken wars' between Michael Gove as Secretary of State for Environment, Food and Rural Affairs, and your Secretary of State, Liam Fox.

Did the Government have a clear view there about some of those things? For example, one of the big prizes from Brexit that they seemed very focused on was a trade deal with the US. Most people assume that the US's price for a trade deal is much better access for US agricultural goods and the ability to supply goods that meet US animal welfare standards rather than UK/EU ones.

John Alty (JA): I can't remember exactly what was said publicly, but at that point, there was a massive focus on the first part of the project, preparing for Day One of EU exit. We started to have preliminary discussions with the US. The people who had done trade policy before had gone through TTIP, and so were very well aware of the flashpoints – chlorinated chicken was one, the NHS was another.

So, it was possibly a bit of a phoney war at that point. I think the Government was saying constantly that they were not going to reduce our standards. My impression was that we got onto the discussion of agriculture in a lot more detail later on, when we actually had to start negotiations with the US.

We were very careful, I think, because we were conscious of the sensitivities in those preliminary discussions with the US. But obviously at some point, we had to agree a set of objectives for those negotiations.

UKICE: Was there good internal machinery for agreeing mandates for trade negotiations, so that you could be sure that ministers were setting you off with a clear view of some of the trade-offs you might have needed to make? Or were you left to go off and have exploratory discussions, and then bring things back for resolution when the other side made clear where they were?

JA: Well, we did set up a process for the actual negotiations, which was pretty standard, and involved agreeing a mandate collectively through a ministerial committee. Although DIT, probably more than DExEU or Taskforce Europe, provided the bulk of the team for negotiation, it was nevertheless a cross-government team. So, a lot of thought was given to, 'How do we make this work?'

Because you have got a public mandate, for one thing, and then you have got an internal mandate which may have more detail. But you cannot anticipate every twist and turn of negotiations, otherwise the whole process grinds to a halt. I think one of the challenges for the UK was that, unlike most countries, we hadn't done this before. People across government were also building their expertise, and weren't necessarily that confident about the trade implications. The risk was that things would take longer or delve more into detail because people were just nervous.

Alongside that, just as we were looking at the implications of policy positions on our ability to do trade deals, departments were also looking at the implications of these trade policy positions for domestic politics or for our position with the EU. So, the machinery was there, but people were having to operate in pretty unique and rather uncharted waters.

UKICE: Was there any trepidation within the department about going head to head early on with the US? The US is known to be a pretty hard-nosed, and the 'America first' principle operates under any president, any trade negotiator. Even though the political mood music under the Trump government might have been quite good, the idea that they would roll over and do something very, very favourable to the UK was probably a bit optimistic.

Was there a sense that it might make sense to cut your teeth with some smaller, potentially less controversial trade partners first, or was the US such a big political prize that it was inevitably the focus?

JA: I think it is true that the trade priorities were set by political priorities. That made some economic sense as well, given that the US is our largest trade partner.

And what did that mean for us? I think probably people were excited about it. We often used to say that compared with most departments, who were busy unpicking things that they had previously been doing, at least we were doing new things and we weren't having to unravel a load of stuff.

The prospect of doing something that nobody had done before is really exciting for people. It was a big draw for getting people into the department. Not just the US but that wider point.

UKICE: There were quite a lot of people who contrasted some of the machinery set up by DIT, which involved businesses and devolved governments and so on, with the much more closed approach the government adopted when negotiating deals with the EU. What was the thinking behind the structures that you were putting in place in DIT?

JA: I think they were meant to be effective structures. Again, we looked at how other governments did this. We are not operating in a vacuum, and many of

the companies that we were dealing with would also be dealing with the US or Australia or Japan, or whoever.

The US has got a very regulated approach to this – I know lots of committees and named individuals all sign non-disclosure agreements. Whereas Australia have a more open process, maybe reflecting the different legal structures and cultures of different countries.

So, we looked at those, but also drew on experience that people had of how the UK typically consulted business. I think we probably went for a midpoint between the US and some of these other countries, but it has been an evolving picture.

In relation to the devolved administrations, that is a tricky area because trade policy is not devolved, but many of the domestic policies which flow from trade policy, or are impacted by trade policy, are devolved. A lot of thought was given to the legal framework for that, as well as the practical arrangements.

We saw it as important to engage with the devolveds. Partly because, ultimately, ministers were clear that trade policy was a UK Government responsibility and whilst the devolveds might have wanted a veto, they weren't going to get that. The best way of trying to avoid real flare-ups was to establish reasonable working relationships, which I think we did, although again we were starting from scratch.

UKICE: Did you get any pushback from DExEU about the fact that you were so willing to produce rigorous assessments of the impacts of suggested trade deals?

There was quite a contrast between the Government's approach to the Trade and Cooperation Agreement, the trade negotiations with the EU, and the Government's approach to trade negotiations with other countries. I think some people would say that DIT has established really quite good, open processes, in a way that has been absent from the wider EU discussion.

JA: I am not sure everyone would be quite so glowing.

Obviously, yes. There were discussions with DExEU, but as you can see that

did not prevent somewhat different decisions being taken.

I think it is clear that the negotiation with the EU was wider, more political, and it is a one-off as well. That was one of the things that differentiated us from DExEU: we were setting up a system that was for the long term; they were, and then Taskforce Europe were, doing a particular negotiation. It was different.

UKICE: Boris Johnson later became Prime Minister and you had a change of International Trade Secretary with Liz Truss coming in. Did she have different priorities to Liam Fox or was it really continuity?

JA: On the point about continuity under different Secretaries of State, there was always a tension within Government about the priority that we should be giving to new trade agreements and to getting our house in order when we left the EU. And that was partly political.

But also, from an official or from the Whitehall machinery point of view, it was quite a resource intensive effort for departments to start thinking about things like, 'What should our policy on investment be when we do a deal with the US?'

And so depending on the priorities of different departments you could often see that there were arguments about, 'Well, stop wasting your time planning to join CPTPP. Just focus on rolling over the agreement with Vietnam'. From our point of view, however, I don't think that the balance shifted materially. We were set up to do both of these things.

When Liz Truss became Secretary of State, she was keen to move quickly and she wanted to get the new negotiations going. Although, as everyone will have seen, the period up to the end of 2020 was when most of these rollover agreements came in, and she was also pretty focused in demonstrating that we had done that.

Over the period, the challenge was not the money. It was the people. There were a lot of pressures on teams to do both of these things at once, and that intensified at certain points. I wouldn't say it ever went away, but it was more a question of degree than anything else. Our management challenge was to

juggle both priorities in a deliverable way.

UKICE: Were you ever concerned about the way in which DIT's official accounts or your Secretary of State presented the benefits of some of the rollover deals?

There was some criticism externally that DIT communications gave the impression that these were huge new opportunities, rather than just maintaining what had been the status quo for British business through rollovers. That was undoubtedly important to secure, because they would have fallen away otherwise, but I wonder whether that gave you any worries.

JA: That wasn't what was keeping me awake at night, if that is what you mean. We had our own analysts and economists. The stats were crawled over. Now people may use certain language, and possibly there was the odd Tweet about soy sauce, I think, which got a lot of attention, but basically everything we put out was accurate.

I think there was another point, which maybe is a slightly wider one, which is that we wanted, and we still want, business to take advantage of these trade agreements. And actually, various studies have shown that – and I don't mean UK businesses particularly – often they don't. Either they don't know about them or they think it is too difficult, that it is not worth bothering with the faff. So there is an argument for highlighting those rollovers.

When we did the Japan deal there was a massive event involving business, it was all virtual, but we got loads of businesses together with the Japanese to consider, 'How can we exploit this deal?'. Now the deal was in some respects different, but most of it was similar. But it was still an opportunity to galvanise, particularly because from our perspective, many businesses had been so focused on the EU negotiations. These were opportunities to get them to think about other markets.

UKICE: One of the things that you mentioned earlier was that you have more space for independent trade policy if you have a more distant relationship with the EU. But you also have more levers if the UK's starting point, in terms of its most favoured nation tariffs, is a bit more protectionist.

There were some suggestions that early on, when the UK first published its global tariff schedule, some people, like the Canadians, looked at it and said, 'Well, why would we bother to do much negotiating with you? We have basically got everything we want from your global tariff'. And the UK then moved back slightly to that.

How involved was DIT in those decisions?

JA: Global tariff was a DIT lead. The Treasury control the legislation, but the policy lead is DIT.

On your point about the example of Canada, remember that what we published initially was a no-deal tariff. It took a little while to explain to everybody that we couldn't have one tariff for the EU and one tariff for the rest of the world if we had no deal with the EU. But eventually that was understood. So, we had a liberal tariff because otherwise the impact, the shock on imports from the EU, would have been very high.

We then published the UK Global Tariff, on the assumption that we got the deal with the EU. That was a bit more streamlined and a bit lower than the EU's tariff, but it was less liberal than the 'no deal' tariff..

That is why, I think, there were those sorts of interactions with the Canadians.

UKICE: Some Brexit supporters think we should move to unilateral tariff elimination, and simply say, 'We are making sure consumers at least get the benefits from Brexit straight away'.

JA: I said we led on policy. Again, there was a long and complex cross-Whitehall effort to get to this – for example, Defra's views and the Treasury's views may not have been entirely the same.

We published documents setting out the principles underpinning the tariff. I think it was important that we were somewhat more liberal than the EU. But remember that this was whilst we were still in negotiations with the EU. If we had said, 'Well, we are just going to liberalise', then the EU might have had the same reaction as the Canadians.

UKICE: One of the suggestions, from a former Australian trade negotiator, was that the UK is a bit too desperate for a deal and effectively gave the Australians everything that they always ask for, but very rarely expect or indeed never get.

Was the UK too desperate to show that it could land a deal? There were suggestions that the UK dropped requirements on climate change and things like that.

JA: You wouldn't really expect me to say that we gave them everything and got nothing back. And I think that, obviously, there was a lot of focus on agriculture. I guess on that I would say this was a point of principle for the government. The government has to decide what its agriculture policy is.

It is a classic area where the Government can't divorce domestic policy from trade policy because it is an area where the EU has been pretty defensive. So, there is a real question of, 'Is the UK going to continue in that vein or is it going to do something different?'. I think that issue had to be confronted for this deal.

I won't say this was what was driving negotiations but, going back to your previous point, having imports that are cheap and improving competition is good for your economy. That would suggest that it is not a sort of thing that you grudgingly give up.

Now, trade negotiations don't work like that. Trade negotiations work in a sort of mercantilist way, where everybody reluctantly gives up something in order to get something back. And there are good reasons for that.

But you also have to think, 'Well, what sort of approach do we want to take to this sector? And, if so, what does that mean for our position?'.

I don't know whether the Australians expected to get what they got. And of course in that area there are very long transition periods and safeguards and all the rest of it. Yes, it was a very politically significant, but in approaching these things you should think about a longer term view of, 'Well, what position on this sort of stuff do we want to take?'.

UKICE: One of the earliest decisions, which I think happened while you were

acting permanent secretary, was the Trade Remedies Authority's decision on steel tariffs, which ministers seemed to overrule.

Was that suggesting that we got the setup of arrangements wrong, that ministers created an independent body and then felt they should have kept control of that power?

Is there anything about that decision which suggests that we haven't quite settled our institutional arrangements for trade policy yet?

JA: I think there is a review going on as to whether there should be any changes. It is undoubtedly the case that we set things up before they have to be operational, and then you see what happens when they are and whether ministers are happy with that.

I guess you could say that it is an example where there is a good rationale for doing what we did. But it is always open to ministers to look at that balance. There are different models again across the world. And we will see whether any substantive change happens.

But I guess at a very high level you could say, 'Well, that is what happens when you create a whole new policy area from scratch and people look to different precedents'.

You could look to the Bank of England as a precedent, totally independent or very independent. There is the Competition and Markets Authority. Then you can look at what is happening in Europe, where there isn't a separate body. So, yes, it is a good example of how you have to think about the precedents or what is the right model.

The future of UK trade policy

UK in a Changing Europe (UKICE): Five years on, we have created a new government department, a whole new capacity with the freedom to conclude trade deals.

But also, as you have said, the important thing is making sure that businesses actually use these trade deals, and that there is the political consent for them.

You mentioned TTIP, which ran into the ground because of lack of political consent.

Do you think the UK has now got a clear view of what its independent trade policy should look like?

John Alty (JA): That is quite a big question. I think that we definitely have a much stronger capability, both in terms of having done some stuff and having got resources.

For example, the Trade Remedies Authority, which had to gear up for being active on day one, the earliest possible no deal Brexit, and then nothing happened for ages from its point of view. That was a big hurdle to overcome, which won't recur now it is operational.

Maybe under a different government, who knows what will happen? But I think there is a degree of stability, certainly compared to 2017 or 2018, which gives people confidence to plan careers and create that capability, and sustain that capability.

There is, in terms of strategy, the Indo-Pacific tilt, which is, I think, focusing a lot of effort. That flows from the Integrated Review, which covers wider security and foreign policy. But a lot of the trade aspects of it are concrete things that people can quite readily point to, and give a pretty broad work programme for departments on the trade policy side.

I think the other thing that has happened over the last year or eighteen months is more integration, to create a properly integrated department with export promotion working with the trade policy.

But the challenges are that the trade landscape is very different even from what it was seven or eight years ago. And the WTO is a bit stuck. You have got the US, China, you have got climate change. How does the UK really make best use of its strengths in that environment outside the EU? I think we are only still beginning to work out the best way to do that.

UKICE: And is it right long term for DIT to be a separate department?

Boris Johnson, when he became Foreign Secretary, thought that commercial diplomacy was part of diplomacy and should be in the Foreign Office.

Simon McDonald, the former permanent secretary at the Foreign Office, said that the right merger was not to bring development into the FCO. His first pick would have been to take over the Department for International Trade, which is also the model that some comparator countries that we have looked to have.

In the long term, is it right to have a separate, freestanding international trade department, like for instance the USTR ?

JA: We are not following the United States Trade Representative model, because we are actually the commerce department, or some of the commerce department, as well as USTR. We are broader than that.

As you rightly say, there are a number of countries that do combine their foreign ministries and their trade ministries. Personally, I think it is really important to keep trade policy focussed on economic and business issues.

There will always be wider political and foreign policy reasons for doing certain things. Trade is a tool. But I would be concerned if we shifted so far that trade became seen as simply a tool, when actually the most important thing is about its impact on the economy and GDP, people's incomes and so forth.

UKICE: As a long-serving former civil servant, what do you think the big lessons, and maybe some of the big successes, from the first five years of DIT have been?

JA: As I said earlier, there were various points at which it looked as though the department might not have a particularly impactful role and therefore could well be disbanded. I think some of that was driven by the particular political settlements that could have been reached. But we also had an important task to do, to prove that we were actually able to deliver stuff.

I think the success therefore, overall, has been that we did deliver what we needed to do. We did build up capability. You don't get people going round nowadays saying, 'Well, the UK doesn't have any trade negotiators'. And that wasn't a foregone conclusion. It could have all, for various reasons, turned out

to be a mess and had people saying, 'This department is dysfunctional and should disappear'.

I also think one of the great things about DIT is that it has got a rather clear focus. I have worked in departments which have been more difficult to get such a clear focus around.

You can have this debate about whether that means that you are too narrow in your focus. But I think on the whole, and certainly for the period of setting something up, having a clear focus on trade and investment is really helpful.

The challenges are the landscape. The UK may be the 5th or 6th largest economy in the world, but the top two are much bigger and the third or fourth, Germany, is part of the EU. So you have really large economic blocs at the top. And then you have got countries like the UK, which are large, but they are not on the same scale. How do we operate in this rather fragmented trade world?

I think that is going to be a challenge. Particularly, as I say, because so much of it now is trade and climate change, trade and human rights, trade and something else. So that is going to be a challenge.

UKICE: One of the ways of avoiding these periods of uncertainty, when it wasn't clear that DIT would have a role, would have been to wait until we had been absolutely clear on the sort of relationship we were going to have with the EU, and what that would mean for any independent trade capacity.

Would it have been feasible to wait for that before setting up DIT? Some people were quite surprised that the Prime Minister effectively appeared to preempt the decision about the customs union by setting up DIT alongside DExEU on day one.

JA: They could have kept it within BEIS. I assume that there were good political reasons why the PM wanted to set up something distinctive, perhaps to signal a direction, even if the precise route was a bit unclear.

I think if it was a priority for the government, or at least an important wing of the government, to have an independent trade policy, then you couldn't wait to see whether your relationship with Europe was going to allow that.

You didn't maybe need to set up a separate department. I grant you that. But, frankly, we would have had to replicate all the stuff that we did because otherwise, ministers wouldn't have understood what the implications were of the different routes they were following.