



National Audit Office

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## Report

by the Comptroller  
and Auditor General

Implementing the UK's exit  
from the European Union

# The Department for International Trade

## Key facts

**July 2016**

the month DIT was created, in response to the UK's decision to exit the European Union (EU)

**3,745**

staff employed by DIT in October 2017

**108**

the number of overseas countries in which DIT staff are located

**£364.2m**

DIT's budget for 2016-17

**8**

number of EU Exit work streams, as at December 2017, that DIT is responsible for. For example, post-EU membership of the World Trade Organisation

**9**

the number of overseas regions, led by trade commissioners to provide a greater focus on trade

**£79.4m**

additional funding provided in 2016 Autumn Statement to fund the establishment of DIT up to 2019-20

**Over £25m**

additional funding agreed with HM Treasury for DIT EU Exit work in 2017-18

## Summary

**The Department for International Trade (DIT) was formed in July 2016, in response to the EU referendum result. It has overall responsibility for promoting British trade across the world, including preparing for and then negotiating Free Trade Agreements and market access deals with non-EU countries. The Department for Exiting the EU (DExEU) is responsible for negotiating the UK's trade agreement with the EU, with DIT input.**

The scale of DIT's task:

- DIT's work to prepare for EU Exit sits within its wider work to develop a new trade and investment policy for the UK, including Free Trade Agreements; developing the trade profession for government; and developing new Export and Inward Investment strategies.
- DIT is responsible for eight of the 313 work streams identified by DExEU across government. These include planning for the UK's independent membership of the World Trade Organisation and the Government Procurement Framework and setting up a trade remedies organisation and a trade disputes framework.
- DIT has worked with a wide range of stakeholders, both within government and with the devolved administrations, English regions and the private sector in developing the framework for future trade agreements.
- DIT's legislative programme includes trade issues covered in the EU Withdrawal Bill, the Sanctions Bill, the Trade Bill and the Taxation (Cross Border Trade) Bill, all of which have been introduced in Parliament. Other legislation is being planned.
- This legislative programme is vulnerable to risks that are outside DIT's control, such as competing demands across government and other departments delivering what is required.
- Alongside planning and delivery for EU Exit, DIT has had to establish itself as a new department. UK Export Finance remains a separate body, although it also reports to DIT's Permanent Secretary. DIT has continued to develop an operating model and governance framework, recruiting staff and agreeing resource requirements with HM Treasury.

In setting about its task and working with others, DIT has:

- developed critical paths for seven of its eight EU Exit work streams, with the eighth expected to be developed in January 2018. The plans prepare for two possible EU Exit scenarios – a negotiated outcome with transition period and a ‘no deal’ outcome. Delivery of the work streams will be challenging and DIT has put back some of its delivery milestones as the timetable for legislation and the overall negotiation process has moved on;
- received two tranches of additional funding, up to the end of December 2017, totalling over £25 million, specifically for EU Exit work in DIT. DIT is in discussions with HM Treasury around its resource requirements for 2018-19 as part of the process for allocating the additional funding for EU Exit that the Chancellor announced in the 2017 Autumn Budget;
- begun the challenging task of growing its trade expertise, including recruiting internationally. For example, DIT has recruited a ‘rules of origin’ expert from Australia, and the Second Permanent Secretary has been recruited from New Zealand as the Chief Trade Negotiator;
- examined other national trade structures, to understand better the UK’s capability and capacity requirements. The UK spoke to other countries to better gauge how much capability and skills would be required to conduct any future Free Trade Agreement (FTA), including how many FTAs the UK should have the ability to conduct at the same time;
- identified areas where DIT can reduce some activities in order to focus more effort on EU Exit work. Previous performance data was not designed to inform decision-making around resource prioritisation, and have proved insufficient to allow DIT to systematically prioritise its forward investment plans. However, DIT has begun to build an evidence base, which should allow it in future to take a more evidence-based approach to trade and investment decision-making;
- incorporated into its 2018-19 business planning a greater focus on activities that will best balance the return for the UK across the short, medium and long term. This may mean freeing up capacity from traditional activity to focus on areas that will have a longer-term impact; and,
- defined its requirements to work effectively with other government departments; for example, with the Department for Environment, Food & Rural Affairs on the trade of food, animal and plant products.

## Scope

# The scope of this report in relation to DIT's EU Exit responsibilities

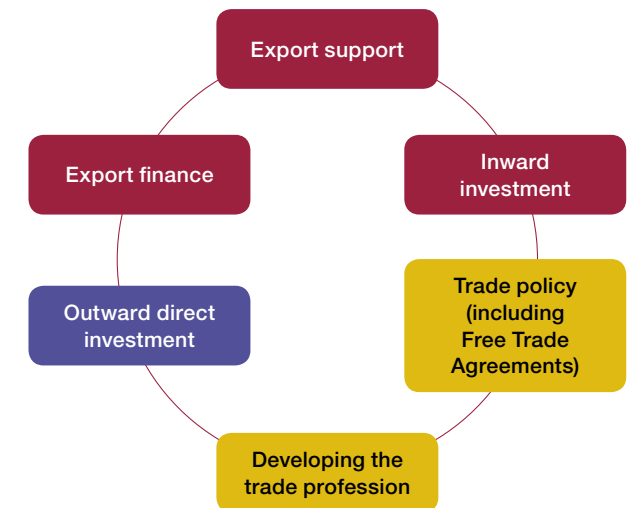
DIT was formed in July 2016, in response to the EU referendum result. It has brought together existing export and investment capability within government and added two new functions:

- developing and delivering a new trade and investment policy for the UK, including Free Trade Agreements; and,
- developing a trade profession and capability for government.

DIT's challenge for EU Exit is different to other government departments in that it has to balance the shorter-term aims of preparing for the point at which the UK leaves the EU with the longer-term aims of planning for and then negotiating Free Trade Agreements once the UK has left the EU.

In this report, as for our equivalent reports on other departments, we cover what DIT is doing to prepare for the point of exit. However we also include broader material on how it is setting about its task in relation to the two new longer-term elements in its portfolio (trade policy and developing the trade profession) because these relate directly to EU Exit.

## DIT's existing and new functions



- Existing activities transferred to DIT
- New activities in DIT portfolio
- Renewed focus on this area