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## WWF briefing on government response to the Trade and Agriculture Commission Report

This brief summarises and provides insights on the **Department for International Trade (DIT) response** to the **final report and recommendations** of the Trade and Agriculture Commission (TAC), published in March 2021. The DIT response missed the opportunity to take forward key recommendations on core standards. WWF strongly support the TAC's recommendations that the government develop national core standards to ensure trade deals do not undermine the UK's high animal welfare and environmental standards in farming and that the UK work with partners to raise environmental standards for food production internationally.

WWF set out our **twin-track approach** for progressing national food and farming standards alongside championing the longer-term work of raising international standards, and we will continue to press for the national core standards which are critical to deliver the UK's contribution to a transition to sustainable food production.

### KEY POINTS

- **Department of International Trade's response to the recommendations fail to seriously engage with key recommendations or the overarching purpose of the Trade and Agriculture Commission, to address widespread public concern about UK trade policy with respect to agri-food**
- **The response restates the government's commitment to uphold the UK's high animal welfare and environmental standards but fails to take up any of the proposals from the TAC, or make any of its own, that would enable the commitment to be delivered**
- **TAC recommendation 3, to pursue both international and national action to develop environmental standards, has not been fully addressed and international-only action is favoured, which consigns the UK to move at the speed of the slowest**
- **TAC recommendation 8, proposing a core standards framework for national action, is not responded to at all. This stores up trouble for the government who have now received a number of proposals to link the level of market access to animal welfare and environmental standards, including from the National Food Strategy and the Committee on Climate Change.**

## BACKGROUND

A 6-month Trade and Agriculture Commission (TAC) was established in September 2020 in response to widespread concern from farmers, environmental groups and the public about new trade deals undermining the UK's food, environmental and animal welfare standards. The TAC was set up with a remit to advise the government on trade policies that will secure opportunities for UK farmers while i) ensuring the sector remains competitive and ii) making sure that animal welfare and environmental standards in food production are not undermined.

The TAC worked with its Commission members, with its consumer, competitiveness and standards working group members, and in consultation with experts from wider industry and civil society groups, to produce a comprehensive and thoughtful set of proposals for policies which would enable the UK to use its new trade powers to address the challenges and opportunities for trade in food and farming at a point of huge change for the industry in the UK and worldwide.

The Commission published their report and recommendations in March 2021. Tim Smith, chair of the TAC, said the Commission found there were no easy answers but focused on producing pragmatic and practical solutions to complex problems, guided by the need for:

*“...a long-term approach to feeding the nation, focusing on 3 key areas – affordable food, protecting the environment and helping those who want to lead healthier lives in a system which is fair for all involved.*

*...a UK trade policy which creates a fair and safe farming system for all. This means no race to the bottom, no backsliding or turning back the clock on standards and an ambition to play a leading role in international agricultural issues.”*

In November 2020, before the 6-month TAC had reported, the Government agreed to set up a statutory TAC to provide ongoing independent advice on the impact of trade deals as they are approved. This move was a small but welcome improvement to the process of scrutinising the impact of new trade deals on food and farming standards, but it does not address the policies needed to negotiate good deals in the first place which was part of the remit of the original TAC.

On scrutiny, it is important to note the 21-day Constitutional Reform and Governance Act (CRaG) for international treaty ratification remains woefully inadequate to scrutinise complex trade deals because it doesn't allow for sufficient debate or guarantee a final vote, **comparing poorly to scrutiny arrangements in US, EU, and Japan**. A technical report by the new statutory TAC on the impact of an already agreed deal when Parliament have no powers to vote a deal down will do little to address the fundamental weaknesses in the UK's trade scrutiny arrangements.

**DIT's response to the TAC's recommendations** and an **announcement of the membership of the new TAC** were both released on the 21<sup>st</sup> October 2021. This brief examines the response to the TAC recommendations and suggests next steps.

## INSIGHTS ON DIT's RESPONSE TO THE TAC's RECOMMENDATIONS

After 8 months consideration it is disappointing that **DIT's response fails to fully engage with several key recommendations made by the TAC and continues to kick the can on resolving the concerns of the public, farmers, and NGOs that a poorly managed approach to trade risks undermining the UK's transition to a more sustainable food and farming system.** The response contains very few new announcements and is largely a restatement of existing actions of other departments. The response contains no action plan and no timeline for further reporting or reflection on the recommendations as trade negotiations progress.

The only new commitments are those that respond to the opportunity to access growing middle-class markets in Asia. The major changes in the food and farming sector to respond to climate change and biodiversity loss are missing, as is the need for trade to support new systems of food production that can deliver a net zero and a nature restored world.

This is particularly evident on standards (Recommendation 3 – climate and environment in trade policy and Recommendation 8 – tariff liberalisation) where there are warm words but no concrete proposals. Secretary of State Anne-Marie Trevelyan makes a welcome restatement of the government's commitment to ensure the UK's high animal welfare and environmental standards are not undermined, but the remainder of her department's response fails to take up any of the proposals of the TAC or make any of its own that would enable the commitment on standards to be delivered.

### **Recommendation 3: Climate and environment in trade policy**

The TAC said *“climate change and other environmental pressures are of such paramount importance that the UK government must ensure these are integral to its trade policy and negotiations”* and it recommended the UK *“champion the creation of a global standards framework for the environment and clear metrics for measuring environmental sustainability, whilst establishing a corresponding set of rigorous national standards”* and references WWF's Codex Planetarius as a model to build these ambitions.

**DIT's response:** DIT acknowledges climate change and biodiversity are a top priority for the government, that free and fair trade can accelerate the transition to sustainable agriculture, and that asymmetric environmental standards undermine free and fair trade in agricultural products. All the more disappointing then that DIT do not respond to the recommendation for a 'rigorous national standard'. **DIT exclusively favour acting via international routes, which consigns the UK to move at the speed of the slowest and is insufficient to ensure free and fair trade for countries, like the UK, that are leading the way on the transition to sustainable agriculture.**

Even on international standards – the route DIT favours to tackle differences in countries environment and animal welfare standards – the references to working via the WTO Trade and Environmental Sustainability Structured Discussions contain no commitment to develop or champion any particular proposals. Similarly, the commitment to join up policy, including with the FCDO led work on the Forest and Agricultural Commodities Trade (FACT) dialogues, does not set out any actions or timeline by which DIT will reflect the UK's commitment to support sustainable supply chains in trade policy.

### **Recommendation 8: Tariff liberalisation**

The TAC recommends liberalising tariffs *“for countries that can meet the high standards of food production expected from UK producers”* in Section 6: Liberalisation and safeguarding standards, it highlights *“There is an opportunity to reform the UK's current import policy to create an ambitious, forward-thinking and more holistic approach”* and the report set out proposals for a core standards framework that comprise:

- **Pillar 1: General trade approach** – proposed import restrictions that are consistent with domestic regulation, international standards and WTO rules, such as those the UK has, on food safety and biosecurity, could be expanded to also address climate, environment, ethical and animal welfare issues. **Pillar 1 represent the minimum standards of food production that are needed to qualify for access to the UK market - with or without a trade deal - and is where WWF are prioritising domestic policy action.**
- **Pillar 2: Approach within FTAs** – proposed that zero tariff, zero quota access would be tied to trading partners demonstrating equivalence to UK climate change, environmental, ethical and animal welfare measures and enforced via a trade distortions mechanism that would retroactively apply tariffs should countries fail to apply or enforce their own measures as agreed.
- **Pillar 3: International Forums** – proposed the UK champion international standards development in areas of national and global interest, again in climate change, environment, ethical trade and animal welfare. This would align with UK global ambition to raise food production standards globally.

**DIT response:** There is no reference or serious engagement with the TAC’s detailed proposals for core standards, despite the fact that a number of similar proposals, which link the level of access to the UK market to the level of animal welfare and environmental standards, have now been made to government. In the National Food Strategy Part 1 and Part 2 there was a call for core standards and the Committee on Climate Change latest progress report, from June 2021, made minimum standards for agricultural imports a priority recommendation for DIT.

DIT’s response notes the negotiations that are progressing with Australia, New Zealand, and the US, and states they already take account of equivalence with UK food production standards but provides no detail on how that is being done. The response then moves on to high level commitments to international climate agreements and non-regression from countries existing agricultural standards, both of which the UK plans to secure in trade deals.

In trade deals, high-level provisions on climate in sustainable development chapters are becoming more common. However, most environmental chapters are unenforceable. The USMCA and CPTPP have enforceable environment chapters, which is an improvement, however the content of many of the provisions lacks ambition, which means that the effect of these chapters is still limited.<sup>1</sup> Similarly, non-regression commitments can help ensure trading partners do not weaken existing environmental regulations, but they do nothing to require nations with already lower environmental standards to improve.

Despite these weaknesses, the inclusion and strengthening of environmental provisions in trade deals should be welcomed, but they represent the bare minimum the UK should expect in any trade deal and in no way address the specific issues of difference in environmental standards that the TAC was set up to advise on.

#### **DIT’s response to other key recommendations**

A short summary of the response to all the recommendations is set out at the end of this briefing in Annex A but it is worth highlighting a couple here:

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<sup>1</sup> See Carolyn Deere Birkbeck *Greening International Trade* pp. 22-24

- **Recommendation 1: Agri-food strategy**

DIT agrees “*the UK’s approach to agri-food trade should be bold and ambitious*” and “*expand opportunities for UK businesses without compromising our high environmental protection, animal welfare and food standards*” and suggests the Defra-led National Food Strategy White Paper due out in early 2022 will effectively be the agri-food strategy that will set out the approach to trade. And further that “*close cooperation with a range of stakeholders and devolved is crucial to secure a bold and fair agri-food trade policy. The government will continue to engage with stakeholders as our approach to agri-food trade develops*”, indicating more engagement and better mechanisms to work with devolved nations on issues of trade and standards may still be to come.

- **Recommendation 12: Overseas knowledge and insight, Recommendation 13: Food and Drink Export Council and Recommendation 14: Export support in England.**

The only areas of new action come in response to three of the TAC’s recommendations related to growing export markets. DIT’s responses here commit to joint DIT and Defra work on intelligence on trading opportunities, commit to establish a new industry export council that will work together with the devolved administrations, and that this new council will provide more capacity for export support in England.

## **OTHER ORGANISATIONS CALLING FOR CORE STANDARDS**

The response to the TAC report means DIT has missed the opportunity to put government on the front foot and set out a process for developing and adopting core standards for UK agricultural imports. The need for trade mechanisms to ensure free and fair trade in food and to avoid compromising the UK high environmental and animal welfare standards will not go away.

The **National Food Strategy Part 1** (July 2020) and **Part 2** (July 2021) highlighted the risk that badly designed trade deals could undermine the UK’s own food and farming transition and called for core standards as a mechanism to deliver on the 2019 Conservative Party Manifesto Commitment that, “*In all of our trade negotiations, we will not compromise on our high environmental protection, animal welfare and food standards*”.

The final report of the National Food Strategy, Part 2, devotes a chapter to the issue of trade and recommends defining minimum standards for trade and a mechanism for protecting them:

*“The Government should draw up a list of core minimum standards which it will defend in any future trade deals. These should cover animal welfare, environment and health protection, carbon emissions, antimicrobial resistance, and zoonotic disease risk. The Government must then set out which mechanisms it intends to use to protect these standards.”*

The **Committee on Climate Change (CCC)** latest **progress report** (June 2021) made minimum standards for imports a priority recommendation for DIT. This recommendation was set in the context of more action being needed to decarbonise the UK’s agriculture and land use sectors where emissions are flat rather than falling, and HM Treasury’s (HMT) Interim Report of the Net Zero Review highlighting the risk of carbon leakage increases with efforts to reduce emissions. HMT further set out that the risk depends on the cost of decarbonising, trade exposure and the extent to which there are agreed international policies in place and suggests mitigating the risk via climate diplomacy and design of policies to support the transition. On trade the CCC say:

*“...new trade deals and/or implementation of carbon-border policies could help support global decarbonisation. The UK should explicitly consider climate-related issues when agreeing trade deals and consider supporting trade related measures such as carbon border adjustments and product standards, to help minimise the global emissions footprint of its international trade.”*

The CCC’s specific recommendations relevant for DIT are to:

- Develop the option of applying either border carbon tariffs or minimum standards to imports of selected embedded-emission-intense industrial and agricultural products and fuels. This should include initiating development of carbon intensity measurement standards and fostering international consensus around trade policies through the G7 and COP presidencies. (2021 Priority recommendation for the run up to COP26)
- Use trade policy to encourage increased ambition on both climate change mitigation and adaptation in other countries, including considering the role for border carbon adjustments and standards to prevent carbon leakage (Spring 2022)

WWF along with other environmental NGOs are active in engaging ministers and officials in making the case for a constructive way forward in progressing UK trade ambitions and how that can be supported by core environmental standards. We have written to the **Prime Minister**, particularly emphasising the need for work on core standards to be underway before the UK finalises its first new trade deal with Australia. A number of leading **food businesses** have joined the call for core environmental standards and the need to align the UK approach to trade with our environmental ambitions.

To take forward core standards, government could start convening groups of experts and stakeholders who could provide insights on the most key areas and help map out a way ahead. Core standards could also be taken forward via the response to the National Food Strategy, which recommends them, and included in the expected White Paper.

A positive announcement from government that it intends to explore core standards would provide reassurance to the many groups concerned about the impacts of the Australia-UK trade deal on efforts to green UK agriculture. WWF’s **briefing on core standards and the proposed Australia trade deal** provides more information on WWF’s proposals on trade to support a transition to sustainable agriculture and we will be continuing to press government for action on core standards. For more information on WWF work on trade please get in touch.

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## ANNEX A: Summary of all TAC recommendations and response

- **Recommendation 1: Agri-food trade strategy** – response agrees the approach to agri-food trade should be bold and ambitious and suggest the National Food Strategy White Paper set the relevant strategy. More detail in main body of briefing.
- **Recommendation 2: Agri food minister** – response says ministers already have well established mandates and work closely together on negotiations.
- **Recommendation 3: Climate and environment in trade policy** – response says asymmetric environmental standards for sustainable agriculture undermine free and fair trade in agricultural products but only suggests international agreements and voluntary action to address. More detail in the main body of the briefing.
- **Recommendation 4: Animal welfare** – response favours non-binding cooperation, collaboration and non-regression clauses which stop standards falling rather than improve them.
- **Recommendation 5: antimicrobial resistance (AMR)** – response recognises UK leadership in managing this global public health risk but only intends to include commitments on AMR in trade deals where the other parties agree, preferring instead to seek international agreement.
- **Recommendation 6: Ethical trading** – response focuses on the ILO, which it prefers as a route to international assessments, and on existing action to protect workers in the UK.
- **Recommendation 7: Labour rights** – response restates existing UK Aid and FCDO activity on labour rights.
- **Recommendation 8: Make tariff liberalisation conditional on standards** – response reiterates commitment to upholding high environmental protection, animal welfare and food standards but doesn't respond to TAC proposals for delivering on that that. More detail in the main body of the briefing.
- **Recommendation 9: Strengthen impact assessments** – response reiterates existing approach to impact assessments.
- **Recommendation 10: Improve consultation and engagement** – response reiterates existing approach to consultation and working with stakeholders.
- **Recommendation 11: Improve assurance and certification systems** – response is focused on what government is already doing.
- **Recommendation 12: Improve knowledge and insight** – response agrees and commits to work with Defra on generating better intelligence on trading opportunities.
- **Recommendation 13: Support a new Food and Drink Export Council** – response agrees and DIT and Defra will set up an industry export council that will work with devolved administrations.
- **Recommendation 14: Improve export support in England** – response agrees, and this will be delivered this via the new council agreed above.
- **Recommendation 15: Removing market access barriers** – response restates existing work in this area.
- **Recommendation 16: Increase overseas resourcing via network of embassy support** – response agrees and will look at increasing capacity in Asia, ME and North America.

- **Recommendation 17: Review marketing and promotion** – response agrees, and the new Food and Drink Export Council will look at a step change in marketing to support routes into market and products where the UK has a competitive edge.
- **Recommendation 18: Improve sustainability and transparency of public procurement for food** – response says this has already been agreed and the review next year of government buying standards for food and catering services will look at promoting local, sustainable, and healthy produce, within WTO rules.
- **Recommendation 19: Improve country of origin labelling out of home eating** – response says these issues will be responded to as part of the NFS White Paper delivering a food system that is sustainable, resilient and affordable.
- **Recommendation 20: Structured engagement with developing countries on agri-food issues** – response restates existing work in this area.
- **Recommendation 21: Align trade, aid and climate change policies** – response focuses on existing work being delivered by DIT and FCDO but does additionally agree to look at how the UK preference scheme might provide access for value addition for eligible developing countries.
- **Recommendation 22: Working with like-minded countries to influence necessary reforms to the international rules for trade and standards** – response sets out what it is already doing on this issue.