



House of Commons
International Trade Committee

Free Trade Agreement Negotiations with the Gulf Cooperation Council

Seventh Report of Session 2022–23

*Report, together with formal minutes relating
to the Report*

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The International Trade Committee

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Summary

In June 2020 the Department for International Trade (DIT) began a review into market access opportunities with the Gulf Cooperation Council (GCC), a political and economic alliance of six Gulf states. Following a consultation, the UK government is currently undertaking negotiations to agree a Free Trade Agreement (FTA) with the GCC. There have been three rounds of negotiations to date. The potential of all new possible FTAs is welcome but it will be important to make sure they are the right FTAs which will benefit the UK and its people.

This Report aims to assist the Government with the focus of their FTA negotiations by highlighting key areas of opportunity and risk as raised by the evidence presented to us. We examine the nature of the GCC and the UK's relationship with this region, exploring the possibilities of pursuing multilateral or bilateral agreements with the nations involved. We also assess export opportunities and risks for the UK in areas such as agrifood and financial services. Finally, our Report highlights major regional issues such as human rights concerns and weak environmental standards, and the importance of the UK Government ensuring that any agreement contains binding commitments to protect people and the environment, and an agreement does not compromise UK values and obligations.

Throughout our Report, we have reiterated our concerns that the Government has not published a trade strategy and regret that the Government did not prioritise sending a minister to give evidence to the Committee. Without a strategy, or an opportunity to question a Minister, we have not been able to fully ascertain the Government's position on key aspects of the negotiations for this agreement.

1 Introduction

A UK-GCC Free Trade Agreement

1. In June 2020 the Department for International Trade (DIT) launched the United Kingdom-Gulf Cooperation Council Joint Trade and Investment Review (JTIR) in collaboration with the Gulf Cooperation Council (GCC) Secretariat.¹ The JTIR identified priority sectors in the UK-GCC trading relationship and stated that both parties have the “desire for swift progress to realise the market access opportunities and make sure that a closer and deeper trade and investment relationship becomes a reality. The opportunities are truly vast”.²

2. DIT launched a consultation on the Free Trade Agreement (FTA) from October 2021 to January 2022 and received 147 responses. This information was used to inform DIT’s approach in negotiating the FTA.³

3. Following the consultation DIT published the ‘UK-Gulf Cooperation Council Free Trade Agreement: the UK’s Strategic Approach’ in June 2022. This outlines the strategic case for the agreement, DIT’s response to the consultation, its approach to this agreement, and a scoping assessment.⁴

Our inquiry

4. We launched our inquiry into the prospective UK-GCC FTA on 29 November 2021. At this stage we have published 13 written evidence submissions and, as part of the inquiry, the Committee undertook a visit to the Gulf region from 11–19 March 2022.

5. We held a series of oral evidence sessions between 12 January and 7 December 2022 and took evidence on a range of topics including agrifood, digital trade, the environment and climate change, and human rights. We would like to thank everyone who gave oral or written evidence to our inquiry.

6. Due to the breadth of a potential UK-GCC FTA, we focused on the areas of opportunity and risk as highlighted by witnesses in both written and oral evidence. The response from the Government to this Report should be directed to our successor Committee, the Business and Trade Committee.

Current state of negotiations

7. DIT has so far held three rounds of negotiations with the GCC for this FTA, with the most recent round in March 2023 in Riyadh.⁵

8. The UK’s first from-scratch trade agreements since leaving the EU are the Australia and New Zealand FTAs. The UK also concluded negotiations to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) on 31 March 2023.

1 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 5

2 [United Kingdom - Gulf Cooperation Council Joint Trade and Investment Review](#) para 13

3 [Trade with the Gulf Cooperation Council: call for input - GOV.UK](#)

4 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#)

5 See Annex of this report, Q1

A potential GCC FTA will exist in the context of these agreements and might have consequences with regard to protecting interests, both in economic terms and maintenance of standards.

DIT'S engagement with our inquiry

9. We first sought a Minister to speak to the Committee as part of this inquiry on 16 December 2022. Despite the offer of several dates the Government failed to provide us with a Minister ahead of publishing this Report. The lack of prioritisation from the Government in engaging with Parliamentary scrutiny on this agreement continues the pattern of behaviour we have noted in previous Reports.

10. In lieu of oral evidence, we sent the Minister some written questions relating to this inquiry, which we have included as an Appendix to this Report. Unfortunately, the response from the Government was received late in the drafting process and gave us no real opportunity to challenge or explore that evidence in the way a Minister giving oral evidence provides.

Chapter 2: Wider Context

The nature of the GCC

11. The Gulf Cooperation Council (GCC) is a political and economic alliance comprised of six countries: The United Arab Emirates (UAE), The State of Bahrain, The Kingdom of Saudi Arabia, The Sultanate of Oman, The State of Qatar, and The State of Kuwait. The grouping was established in 1981 and is headquartered in Riyadh, Saudi Arabia.⁶ These states have a large amount in common historically, culturally, socially and linguistically⁷ and the Government, in its Strategic Approach document, describes the relationship between the UK and GGC states to be “as broad as it is deep” and to “encompass extensive political, commercial, financial, security, and socio-cultural links, including trade and investment”.⁸

12. The GCC is working to secure numerous FTAs by 2027 and the UK is on the priority list of countries with whom the GCC wishes to secure an agreement.⁹ This sentiment was also reiterated to us during our visit to the region as part of this inquiry. Bandar Reda, the CEO and Secretary General at the Arab-British Chamber of Commerce, notes that the GCC states have been working together as a bloc,¹⁰ and this is demonstrated through the publication of their respective Vision Plans (referred to in greater detail in paragraphs 61 and 109–10 of this Report).

13. Despite this collaboration between GCC states we have also heard about the individual nature of the countries. Dr Kéchichian, a senior fellow at the King Faisal Center for Research and Islamic Studies, noted the “very strong personalities in the individual countries” of the GCC while Dr Roberts, an Associate Professor at King’s College London, questioned the cohesiveness of the states.¹¹ However, Dr Kéchichian also noted that the states may become more cohesive in the future for strategic reasons.¹²

14. We heard about inconsistencies in the implementation of policies across the six GCC states, including differing net zero targets; human rights commitments and concerns; agrifood import controls; and implementation of intellectual property provisions.¹³ In addition, we explored the roles of the various actors in FTA negotiations such as the GCC Secretariat and the Ministries of individual GCC states¹⁴.

15. We considered whether the GCC can truly be treated as a single trade actor with which the UK can negotiate, given the diverse opportunities and starting points; differing national regulations and the potential for misalignment; challenges to establishing standards and a level playing field for British businesses; and potential discrepancies in the willingness of states to engage on issues of concern and importance to the UK.

6 [Britannica, Secretariat General of the Gulf Cooperation Council, Gulf Cooperation Council](#)

7 [Q2](#)

8 [UK-Gulf Cooperation Council Free Trade Agreement - The UK's Strategic Approach](#) page 5

9 [Q7](#)

10 [Q5](#)

11 [Qq5, 2](#)

12 [Q3](#)

13 See paragraphs 45, 65, 75–76, and 109 of this report

14 [Q19–20](#)

Bilateral and multilateral agreements

Bilateral agreements

16. Numerous witnesses noted the merits of pursuing bilateral agreements with the individual GCC states rather than with the GCC bloc. Professor Bhala, Professor at the University of Kansas School of Law, strongly recommended this approach as it would allow the UK to incrementally approach those countries reluctant to agree to the UK's standards.¹⁵ Sayed Alwadaei, Director of the Bahrain Institute for Rights and Democracy, supported a bilateral approach, to enable the UK to work with each country on the basis of its own individual merits.¹⁶ Dr Roberts pointed out that this approach might also be preferred by the GCC states as they “have long preferred a bilateral engagement because they feel it is much more specialised”.¹⁷

17. Should the Government consider pursuing a bilateral agreement, witnesses recommended focussing on Saudi Arabia, the largest state in the GCC in terms of geography, demographics and GDP. A bilateral agreement with Saudi Arabia could then set a precedent for negotiations with the other GCC states¹⁸ but, as Dr Kéchichian caveated, negotiating a series of bilateral agreements would be time consuming.¹⁹

A multilateral agreement

18. A number of witnesses recommended an agreement with the GCC as a bloc as a more desirable approach for the UK. For example, Bandar Reda, CEO and Secretary General at British-Arab Chamber of Commerce, pointed to the greater alignment achieved between GCC states providing “a clear path”, and an opportunity for the UK to capitalise through a multilateral agreement.²⁰ Nick von Westenholz, Director of Trade and Business Strategy at the National Farmers' Union (NFU), considered it better to address sanitary and phyto-sanitary (SPS) measures through a multilateral agreement²¹ as this would help create consistent standards across the region. From the perspective of green technology exports, and perhaps applicable to the wider export sector, James Hygate, Founder and CEO at Green Fuels, supported multilateral agreement as it would enable greater trade expansion,²² and he also noted that from an environmental perspective “the clock is ticking”, so it could be beneficial to reach agreements with some states bilaterally to encourage them to decarbonise more rapidly.²³ However, Dr Cinzia Bianco, Gulf Research Fellow at the European Council on Foreign Relations, pointed out that some GCC states are already pursuing transnational infrastructure projects and a multilateral agreement could encourage decarbonisation and electrification within these projects.²⁴

15 Q273
 16 Q274
 17 Q2
 18 Q18, 192
 19 Q10, 18, 2
 20 Q4
 21 Q158
 22 Q189
 23 Q190
 24 Q192

19. One consideration raised by Dr Bianco was that by pursuing a bloc level agreement, the UK risked being “mixed up into a lot of politics” that may play out in the negotiations between the GCC states.²⁵

20. The GCC states operate in a different legal system to the UK’s common law system, and we have heard that the individual GCC states have differing interpretations of, and emphasis on, sharia law in their domestic legal systems.²⁶ In addition, the GCC does not have a strong history as a trade actor. The GCC is currently negotiating an FTA with China, which has been in process since 2004–2005,²⁷ and, in the past, the GCC “has been involved in FTAs ... that have not functioned”.²⁸ The EU cannot agree an FTA with the GCC due to human rights concerns.²⁹

21. We question whether the UK should, as the Government appears to be determined to do, pursue an FTA with the GCC as a bloc, or whether it would be more efficient, effective and in the interests of the UK to pursue tailored bilateral agreements with the individual GCC states.

22. Given the differing legal systems within the GCC and the bloc’s history as a trade actor, we believe that, in this instance, bilateral agreements would allow us to push individual states further to be more ambitious with, for example, human rights provisions, rather than settling for a lowest common shared standard.

Perspective of the GCC

23. The GCC has an ambition to continue its FTA programme and “channel all of these bilateral differences that exist between the countries into a model that will be far more efficient”.³⁰

24. Bandar Reda pointed out that the GCC had “set its rules internally” and assigned an individual to lead its multilateral negotiations, making it easier for the UK to pursue a bloc level agreement than bilateral agreements. He conceded that certain points, such as digital trade, would be “difficult to negotiate in the articles” as the “GCC has so many different points of view”.³¹

Perspective of the UK

25. Dr Roberts told us that “the UK might be able to forge a rather broad and shallow FTA with the GCC and use that as a basis for deeper bilateral engagement”.³² While this approach may have merits, Tom Wills of the Business & Human Rights Resource Centre emphasised that “a low standards agreement with the GCC would not reflect the settled view of the UK public”.³³ Given the importance the UK Government attaches to both human rights and the problem of greenhouse gas emissions, and given the difficulties

25 Q192

26 Q280

27 Q10–21

28 Q10

29 Q290

30 Q5

31 Q12

32 Q7

33 Q290

inherent in attempting to reach an agreement which satisfactorily responds to these concerns, we urge the UK Government to be openly prepared to end the negotiations rather than accept an unsatisfactory agreement.

A UK trade strategy

26. The UK-GCC FTA raises questions as to how we want to be perceived as a trading nation in a way that the UK's previous two from-scratch FTAs, with Australia and New Zealand, did not. This is epitomised in issues around values, human rights and standards.³⁴ Tom Wills pointed to DIT's public polling which demonstrated that, when it comes to trade with Saudi Arabia and the UAE, "human rights and equality were the top priorities of the UK public".³⁵

27. It might be expected that priorities, trade-offs and goals for this FTA should be informed by UK-wide engagement but, within DIT's Strategic Approach to this agreement, the devolved administrations were only mentioned once. Rosa Crawford, a policy officer at the Trade Union Congress, also told us that "it is incredibly important that trade unions are engaged from the outset and throughout the process of negotiating a trade agreement".³⁶

28. A central theme that emerged during the inquiry was a desire for the Government to build a comprehensive ecosystem of support for industry, ranging from targeted R&D funding through to a single window detailing export regulations. This would make UK exporters more competitive and enable businesses to fully seize the opportunities and market access the Government hopes to achieve through this FTA.³⁷

29. As the, then, Secretary of State for the Department for International Trade, Rt Hon Kemi Badenoch MP stated, "trade deals are like the motorway. It's fantastic, you get them built, but if cars aren't going back and forth, then you might as well not have built them. The going back and forth are exports and investments". The then Secretary of State has previously told us that the Government provides support for exporters³⁸ but our witnesses have consistently told us otherwise.³⁹

30. It is important to consider the GCC FTA negotiations in the context of the historical relationship between the UK and Gulf States and the wider geopolitical context of today, which is less favourable than the context that lay behind UK negotiations with Australia and New Zealand.

31. The UK-GCC FTA raises different, and thornier, challenges for the UK than the Australia or New Zealand FTAs and brings into sharper relief the tensions often found between economic interests and values. The Government needs to have clarity on what sort of trading nation we want to be and our priorities in addition to purely economic considerations. Unfortunately, due to the Department's refusal to send a Minister to speak to our Committee, we were unable to more fully challenge and explore DIT's position on negotiating this crucial and delicate balance.

34 Q288–299

35 Q290

36 Q66

37 See paragraphs 43, 45 and 48 of this report

38 Oral evidence taken on 30 November 2022, HC (2022) 16, Q445

39 See paragraphs 51 and 115 of this report

32. **The UK needs to reflect our values within our trade policy, regardless of the type of agreement we pursue, and this agreement is likely to set a precedent for how the UK engages in trade negotiations in the future.**
33. **Without a comprehensive trade strategy, as we have requested from the Government on numerous occasions, it is difficult to assess whether the Government is choosing the most strategically advantageous approach to this agreement.**
34. *We recommend that the Government produce, as a matter of urgency, a trade strategy to guide its approach to negotiations and, ultimately, decision-making on FTAs.*
35. **In order for this FTA, and our wider trade policy, to reflect the views of the public, trade unions and the devolved administrations, the Government needs to adequately consider the interests of these groups within its negotiating objectives.**
36. *We, therefore, recommend that the Government strengthens engagement with trade unions during the negotiating process as we need to demonstrate best practice when discussing the need to strengthen the rights of workers in other countries.*
37. *We also recommend that the Government more actively engage with the devolved administrations and consider their interests during the negotiating process.*

Chapter 3: Export opportunities for the UK

38. A UK-GCC (Gulf Cooperation Council) FTA (free trade agreement) could present a significant economic opportunity for UK exporters. According to the Government's UK-GCC FTA Strategic Approach, this FTA has the potential to increase UK GDP by up to £3.1 billion, and boost trade by up to £15.8 billion in 2035.⁴⁰

39. According to modelling in its Strategic Approach, DIT expects expansion in the majority of sectors modelled, particularly in the manufacture of machinery, motor vehicles and parts, and textiles and clothing. The outputs of the processed foods and financial services sector are also likely to be higher with an agreement in place.⁴¹

40. The Government expects that output in all UK nations and regions could be increased as a result of this FTA, but some regions with a higher concentration of goods manufacturing would expect to see the greatest benefit, such as the West Midlands and the North-East.⁴² Consultancy firm Deloitte anticipated that a UK-GCC FTA would “facilitate stronger exports in manufacturing” and be a “significant opportunity for the UK green energy sector to deepen its presence in the GCC”.⁴³ Deloitte also noted that improved trading terms resulting from an FTA would be “particularly beneficial for small and medium sized companies, which account for over 85% of all UK goods businesses exporting to Qatar, Saudi Arabia and the UAE”.⁴⁴ The Government expects that this FTA “could help support the government’s levelling up agenda”.⁴⁵

41. The Government, in its written response to our questions said:

To further support SMEs, we are seeking a dedicated SME chapter, which would improve access to the information they need to take advantage of the trade opportunities generated by the agreement.⁴⁶

Goods: agrifood

42. We heard that a UK-GCC FTA would offer significant opportunities for UK agri-food exporters. According to the National Farmers’ Union (NFU), there is a “strong recognition of British product in the market with UK exports known for their safety, quality and high standards”, with further growth opportunities for UK exports as a result of the “rising population, growth of the middle class and large tourism industry” in the GCC.⁴⁷ The NFU highlighted that there is opportunity to expand UK agri-food exports to the GCC, particularly in the red meat and dairy sectors.⁴⁸ DIT also noted these opportunities, stating that an FTA could boost UK exports of cereals, biscuits and chocolate.⁴⁹

40 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 5

41 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 32

42 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 32

43 [UK-GCC Trade Negotiations | Deloitte UK](#)

44 [UK-GCC Trade Negotiations | Deloitte UK](#)

45 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 36

46 Appendix 1, Question 4

47 National Farmers’ Union ([GCC0003](#)) para 2

48 National Farmers’ Union ([GCC0003](#)) para 1

49 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 7

43. Dominic Goudie, Head of International Trade at Food and Drink Federation, told us that overseas producers “look to the UK for new product development”, and that we have “incredible innovation” in the manufactured goods sectors, whilst also competing on quality across the industry.⁵⁰

44. Nick von Westenholz, Director of EU Exit and International Trade at the NFU, and Sarah Baker, Economic Strategist at the Agriculture and Horticulture Development Board, noted that, in order to seize the opportunities an FTA may offer, there remained barriers to be overcome, including:

- investing in the UK to improve capacity and make our industry more competitive;
- having representatives on the ground in the GCC markets and improving familiarity of British produce;
- developing supply chains; and
- giving exporters the confidence to invest and develop in the GCC market.⁵¹

45. **It is vital that the Government and agrifood industry work together to capitalise on the market access the Government hopes to secure and utilise the UK’s unique advantages.**

Tariff barriers

46. While tariffs on UK exports to the GCC are, on average, low (at around 5.5%),⁵² the average tariff usually applied to the GCC’s FTA partners is around 1%.⁵³ Dominic Goudie told us that tariffs for manufactured food and drink are between 5–15% on average.⁵⁴ Tariffs pose a challenge to this low-margin industry as it reduces the competitiveness of UK goods, and because tariffs are inconsistent across the GCC states.⁵⁵

47. However, while it is expected that this FTA has the potential to liberalise these tariffs,⁵⁶ in most instances non-tariff barriers tend to be a bigger obstacle to trade.⁵⁷

Non-tariff barriers in the agri-food sector

48. Dominic Goudie outlined the need for simpler customs procedures and a sample imports regime into the GCC to facilitate greater innovation and product development.⁵⁸

49. We also heard that Sanitary and Phyto-sanitary (SPS) and Technical Barriers to Trade (TBT) regulations commonly deliver non-tariff barriers, primarily related to the time and complexity involved in complying with such measures imposed by individual GCC states.⁵⁹ UK exporters to the GCC face complex labelling, language and individual

50 Q153

51 Q147

52 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 35

53 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) page 36

54 Q148

55 Q148

56 Q148

57 Q148

58 Q148

59 National Farmers’ Union ([GCC0003](#)) para 15

product registration requirements,⁶⁰ which impact on product shelf life and make British products less competitive.⁶¹ There are also numerous product-specific requirements⁶² and restrictions on company ownership for importers.⁶³ The Electronic Trade Documents Bill is currently progressing through the House of Commons. The aim of the Bill is to reduce reliance on paper documents by recognising electronic versions, in order to increase efficiency and encourage business growth. This Bill will facilitate greater ease of export for UK businesses trading with the GCC.⁶⁴

50. Evidence to this inquiry also highlighted the issue of transparency and accessibility in the requirements, and the difficulty businesses face in accessing regulations. While UK legislation is freely available, regulations and legislation published by GCC states and the GCC Standardization Organization (GSO) cost money to access. When regulations change, updated versions of the legislation then also need to be purchased.⁶⁵ A further difficulty faced by businesses is that these changes can occur at very short notice, with cases cited of regulations changing whilst goods are in transit.⁶⁶

51. The NFU told us that these challenges for UK exporters should be resolved through an FTA, with “transparent, uniformly applied and predictable import procedures and requirements”⁶⁷ delivered through an SPS chapter which is “predictable, transparent and any checks should be based on risk”.⁶⁸ The NFU advocates for the UK to retain its right to regulate its domestic SPS regime, with any agreement on equivalence being agreed on a case-by-case basis following an FTA, potentially following the example seen between Saudi Arabia and New Zealand.⁶⁹

52. In response to the challenges for UK exporters outlined above, Nick Von Westenholz emphasised to us the crucial “extra supporting activity” needed to take full advantage of signing an FTA.⁷⁰ There was a broad desire among witnesses for a “single trade window” facilitating UK businesses to work with partner countries, to streamline customs processes.⁷¹ Mr Goudie explained that:

Businesses routinely struggle to get the information they need in order to take advantage of trade deals. On a weekly basis, I am dealing with companies that are being passed from pillar to post between different agencies to try to find out the crucial information they need. If we had a dedicated trade hub that gave businesses the simple, straightforward information they need on everything from tariffs to rules of origin, regulatory standards, certification requirements, taxes, local requirements and things like that, it would make

60 National Farmers’ Union ([GCC0003](#)) para 18 and 20

61 National Farmers’ Union ([GCC0003](#)) para 21 and 22

62 Q154

63 National Farmers’ Union ([GCC0003](#)) para 19

64 [Electronic Trade Documents \(parliament.uk\)](#) paras 1–11

65 Q154

66 National Farmers’ Union ([GCC0003](#)) para 17

67 National Farmers’ Union ([GCC0003](#)) para 17

68 National Farmers’ Union ([GCC0003](#)) para 24

69 National Farmers’ Union ([GCC0003](#)) para 23 and 24

70 Q173

71 Goudie Q152, Alawieh Q154 and Q155,

a huge difference. It would greatly increase the effectiveness of a lot of good work the Government are doing in getting the information in front of the people who need it. That is an area where investment is urgently needed.⁷²

Halal meat exports

53. Dr Fuseini, Senior Halal Sector Manager at the Agriculture and Horticulture Development Board, told us that the UK already exports “a huge amount of [halal] meat to the UAE, Kuwait, Qatar and Saudi Arabia” and by providing greater assurance to consumers, including through the Demonstration of Life protocol,⁷³ the UK could see an increase in exports to the region.⁷⁴ Both the NFU and Dr Fuseini recommended that the UK could learn lessons to strengthen its halal meat export industry by looking to New Zealand as an example, including on areas of training, government oversight and the regulation of halal certifiers in the UK.⁷⁵

54. More specifically, Nick von Westenholz highlighted the need for the UK to invest in research and development (R&D) on stunning methods to ensure we can meet import requirements for halal meat in the GCC.⁷⁶ UK domestic policy, on areas including abattoirs and R&D, must correspond with “the vision for liberalising trade policy”, which requires “partnership between Government and industry” in order to take advantage of these export opportunities.⁷⁷

Animal welfare

55. We also heard about animal welfare concerns in the context of the halal meat industry, particularly the handling and welfare of animals at the point of slaughter in the GCC states.⁷⁸ Compassion in World Farming stated that this FTA “must not facilitate the live export of breeding animals to the Gulf, due to their appalling slaughter conditions” with the risk that such exports would undermine British farming standards and the provisions of the Animal Welfare (Kept Animals) Bill that Government is currently taking through Parliament.⁷⁹

56. Peter Stevenson, Chief Policy Adviser at Compassion in World Farming, suggested that the FTA could offer an opportunity for the UK to offer to train slaughterhouses to the internationally recognised World Organization for Animal Health standards. Moreover, although the merits of New Zealand’s halal export industry had been promoted as a potential model for the UK, Stevenson noted that there remained animal welfare concerns around the stunning of animals.⁸⁰

72 Q173

73 This protocol is designed to ensure that slaughtered animals are subject to head-only electrical stunning which means they meet the religious requirements for halal meat.

74 Q137

75 Q138, National Farmers’ Union ([GCC0003](#)) para 29

76 Q162

77 Q165

78 Qq109–110

79 Compassion in World Farming ([GCC0005](#)) para 6 and 7

80 Q135

Wider goods trading

57. The Government has presented this FTA as a significant opportunity for the export of goods and services from the UK, beyond the agri-food sector, such as renewables and green tech; machinery and equipment; motor vehicles; and textiles and apparel sectors.⁸¹

58. Rules of Origin and Geographical Indicators are important factors in all these industries and we were told that the Government had to be “careful and to assess properly the potential impact of the rules of origin arrangements in the FTA”.⁸² Mr Goudie went further saying that the Government should, across all trade agreements, pursue a “really ambitious chapter that includes all UK geographical indications that can legally be sold in the market”.⁸³

Services: financial services

59. According to the Government, 47.9% of UK exports to the GCC are in services, and the financial services sector has been highlighted as a key opportunity for this FTA.⁸⁴ According to financial services industry body, TheCityUK, UK financial services exports to the GCC in 2020 stood at £2bn with a trade surplus of £1.8bn, and that the GCC is a priority region for the financial services industry.⁸⁵ We also heard that the UK has a strong Islamic finance industry, which also relates to opportunities in the intellectual property sector.⁸⁶ During our visit to the region as part of this inquiry, the strength of the UK’s Islamic finance industry was recognised.

60. There are, however, some challenges faced by UK financial services providers in the GCC which this FTA could seek to solve:

- by limiting restrictions on British businesses in the GCC, including joint venture requirements and nationality requirements for business people;
- resolving digital trade restrictions;
- facilitating greater regulatory cooperation;
- improving provisions for the movement of business personnel and recognition of their professional qualifications; and
- liberalising the public procurement market for services in the GCC.⁸⁷

61. John Cooke, Co-Chair of the Liberalisation of Trade in Services Expert Advisory Group at TheCityUK, highlighted the importance of an FTA in securing data flows both between the UK and the GCC, and between the GCC states. This included liberalising data flows, implementing relevant protective provisions, such as on confidential information

81 [UK-Gulf Cooperation Council Free Trade Agreement - The UK's Strategic Approach](#) page 32

82 Q149

83 Q170

84 [UK-Gulf Cooperation Council Free Trade Agreement - The UK's Strategic Approach](#) page 31

85 TheCityUK ([GCC0016](#)) para 3 and 6

86 Q214

87 TheCityUK ([GCC0016](#)) para 10 to 16

and source codes, and facilitating electronic trade.⁸⁸ Mr Cooke also noted the importance of regulatory co-operation, particularly surrounding emerging technologies, and the challenge presented in working across the multiple jurisdictions of the GCC.⁸⁹

62. The Government, in its written response to our questions said:

During negotiations there will be the opportunity to go further with individual GCC member states on a bilateral basis where we share ambition, including on services.⁹⁰

Digital trade

63. Mohammed Soliman, Director of the Center for Strategy and Emerging Technology of The Middle East Institute, told us that digital transformation is a high priority for the Gulf States, as demonstrated in their Vision Plans, and that the GCC states will be seeking a UK-GCC FTA with digital and data components. Mr Soliman told us that the UK has a reputation in the Gulf as a “tech and cyber superpower... an innovation economy” with “high-value tech that the Gulf would want to integrate into its own tech ecosystem”.⁹¹ He highlighted the key areas of green technology, pharmaceuticals, artificial intelligence, and machine learning.⁹²

64. Although this appears to present significant opportunities for the UK, both Mr Soliman and Bandar Reda, CEO and Secretary General at the Arab-British Chamber of Commerce, note that negotiating such aspects will be challenging as the GCC states have “different visions and different approaches” to the digital space.⁹³

65. We also heard about the need for a UK-GCC FTA to provide clarity to British businesses on their ability to undertake cross-border data transfers and to establish core regulations for cross-border services trade.⁹⁴ John Cooke stated that, whilst recognising the separate jurisdictions of the GCC, the UK should seek to use the FTA as an incentive to set “common ground rules that enable cross-border trade in services”, not only in the interests of UK businesses, but also in the interests of the GCC states to share common principles on data transfers.⁹⁵

66. On the issue of liberalising data flows and the risk of the UK contravening EU data adequacy rules, Mr Cooke also warned of a “balancing act to play between having regard to the equivalence commitments vis-à-vis the EU that are important and how we operate in other markets”.⁹⁶

88 Q201

89 Qq204–205

90 Appendix 1, Question 9

91 Q221

92 Q221

93 Qq12, 203

94 TheCityUK ([GCC0016](#)) para 11

95 Qq209–210

96 Q206

67. The Government, in its written response to our questions said:

On digital trade, we are seeking the inclusion of a digital chapter that maximises opportunities for digital trade across all sectors of the economy, and businesses of all sizes, across the UK.⁹⁷

Intellectual property

68. Dr Nadia Naim, a specialist in intellectual property (IP) rights in the GCC, told us that the GCC currently meets the minimum compliance with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).⁹⁸ However, there were “definite inconsistencies between the GCC states and different levels of compliance”.⁹⁹ Dr Naim noted that the principles of sharia law have been “recognised as having an impact on intellectual property rights”, but suggests that there is a cooperation opportunity for the UK as we have both strong IP rights and a strong Islamic finance industry, and therefore this is an opportunity to develop “intellectual property models that are compliant with Islamic law”.¹⁰⁰

69. Dr Naim highlighted that negotiating an IP chapter with the GCC could be “contentious” due to the differing levels of TRIPS compliance across the individual states.¹⁰¹ She suggested a “staggered approach” starting with a pilot programme, to promote the unification of laws and compliance. Transparency was a key issue in the intellectual property rights system in the GCC, exacerbated by the fact that the GCC Patent Office closed in 2021.¹⁰²

70. Overall, we see the UK-GCC FTA as a good opportunity for UK businesses to export goods and services to the GCC, particularly in the agrifood, green tech, renewable goods, and financial services sectors. This agreement also offers important opportunities for UK-GCC collaboration on IP rights and for the UK to build on its already strong Islamic finance industry.

71. There is, however, a common theme across the evidence we have heard: the need to simplify requirements and improve transparency of regulations for the export of goods and services to the GCC. The opportunities offered by this FTA must be underpinned by measures that give assurances to British businesses when entering the market.

72. We support the view that whilst recognising the separate jurisdictions of the GCC, the UK should seek to set common ground rules that enable cross-border trade in services.

73. It is vital that we build capacity in the UK to take full advantage of the market access the Government hopes to secure through this agreement and so the Government must proactively support UK businesses to increase exports and build the ecosystem needed to support businesses to achieve this.

97 Appendix 1, Question 14

98 Q201. TRIPS is a comprehensive multilateral agreement on intellectual property. Further information is available here [WTO | intellectual property - overview of TRIPS Agreement](#)

99 Q210

100 Q214

101 Q201

102 Q201

74. We recommend that the Government provides further support and guidance to UK exporters, to enable them to fully seize the opportunities offered by this FTA. This should include the publication of a comprehensive trade strategy and targeted, sector specific support. Examples of this targeted support include:

- a) Removal of any existing tariffs on agrifood goods between the UK and GCC.**
- b) Funding into R&D to make the UK's halal meat industry more competitive along with greater regulation and standardisation across the process of halal certification.**
- c) The pursuit of equivalence agreements with the GCC states whilst upholding the UK's independent Sanitary and Phyto-sanitary regime ensuring the consistent and transparent application of the rules on a regional basis.**

75. We recommend the creation of a single, free, dedicated trade information hub to simplify the export process for UK businesses. The hub must provide comprehensive and simple information on tariffs, rules of origin, regulatory standards, certification requirements, taxes, and local requirements. To address the issues of export requirements to the GCC changing with little warning there should be a regulatory early warning system, such as email alert system for hub users, to forewarn businesses of changes.

76. The Committee strongly urges the Government to ensure that any liberalisation of data flows does not lead to the UK contravening EU data adequacy rules.

2 Chapter 4: Addressing concerns

Human rights

Gender and LGBTQ+ rights

77. Yasmine Ahmed, UK Director at Human Rights Watch, told us of serious human rights abuses occurring across the GCC states. Some of the most pressing concerns include the continued repression of women, the repression of the rights of LGBTQ+ individuals, and a crackdown on activists and the civic space.¹⁰³ Other witnesses also highlighted significant concerns about freedom of expression and freedom of conscience.¹⁰⁴

78. We heard some examples of positive reforms in the human rights space in the GCC states in recent years. For example, there have been reforms in women’s rights and freedom of expression in Saudi Arabia, including women’s right to drive and travel overseas.¹⁰⁵

79. Witnesses told us, however, that whilst there are some “superficial but meaningful reforms”, there continues to be numerous systematic examples of discrimination against women, including male guardianship laws and the mistreatment of female activists.¹⁰⁶ The rights of LGBTQ+ people have also worsened, with witnesses describing a “climate of fear” as a result of the increasing criminalisation of LGBTQ rights and “repressive crackdowns”.¹⁰⁷

80. We are extremely concerned about the substantial and persistent human rights abuses in GCC countries highlighted in evidence to this inquiry.

81. Regarding the impact of the FTA on women, Professor Raj Bhala, Professor at University of Kansas School of Law, highlighted WTO research demonstrating that tariffs tend to be higher on goods produced or consumed by women, and non-tariff barriers tend to be higher on services women provide.¹⁰⁸ This provides UK negotiators the opportunity to “identify and root out the tariff and non-tariff barriers that discriminate against women”.¹⁰⁹ The Trade Justice Movement, however, also noted that a UK-GCC FTA could potentially disproportionately impact women if provisions, such as those on intellectual property, increase the cost of medication. In this case, women would be disproportionately affected as they are likely to have less ability to pay for goods. Women may also be further impacted as small business owners and consumers if there is further retail liberalisation through this FTA.¹¹⁰

82. We also heard that a UK-GCC FTA could damage the rights of LGBTQ+ communities if references to their rights are omitted, and that any formal agreement would demonstrate that the UK is willing to maintain “political relationships and economic ties with countries that have severe human rights records”.¹¹¹

103 Q256

104 Qq258, 262

105 Q257

106 Q257

107 Q266

108 Q265

109 Q265

110 Trade Justice Movement ([GCC0006](#)) para 24

111 Q265

83. Witnesses highlighted to us the opportunity the FTA might provide for the UK to influence the human rights situation in the GCC for the better.¹¹² Their perspective was that the UK Government should utilise its political leverage to take a stand on human rights, including LGBTQ+ rights, ahead of an FTA being signed, rather than retrospectively.¹¹³ However, the Government, while making reference to the importance of “upholding existing commitments relating to gender equality”, makes no mention of safeguarding the rights of LGBTQ+ individuals in the objectives it has outlined for the UK-GCC FTA.¹¹⁴

84. Rosie Rowe, an Advisor at Pillar Two, considered that it would be critical for both a human rights impact assessment to be conducted ahead of an agreement being signed, and that there should be ongoing monitoring of the regional impact of an FTA on human rights.¹¹⁵ Similarly, the Trade Justice Movement called for consultations with women’s groups as part of a “gender responsive impact assessment process”.¹¹⁶ In a letter to us in January 2023, the Government stated that from April 2023, it would publish a biennial FTA monitoring report that would include updates on the implementation and emerging impacts of FTAs.¹¹⁷

85. In its written response to our questions, the Government told us:

The UK is a leading advocate for human rights and the government will continue to show global leadership in encouraging all states to uphold international human rights obligations and hold those who violate or abuse human rights to account. This activity is undertaken separately to the negotiation of Free Trade Agreements.¹¹⁸

86. *Ahead of the completion of this Agreement, we recommend that the Government evaluate, and publish, the likely impact of this FTA on the human rights situation in the GCC member states. This must include specific assessments of the likely impact on both women and LGBTQ+ individuals, in order to anticipate and mitigate negative impacts during the negotiations process.*

87. *Once this FTA is signed, the Government must undertake regular meaningful evaluations of the ongoing impact of this Agreement on human rights in the GCC region through its biennial FTA monitoring reports.*

Implementation and enforceability

88. Trade Justice Movement told us that within FTAs, gender, labour and environmental FTA chapters often have a limited focus and lack enforceability.¹¹⁹ We, therefore, asked our witnesses about mechanisms and tools that might be utilised in an FTA to meaningfully implement and monitor human rights provisions, including the EU’s use of Trade and Sustainable Development (TSD) chapters.¹²⁰

112 Qq272, 282, 279

113 Qq264, 282, 284

114 P. 26, DIT, [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#)

115 Q289

116 Trade Justice Movement ([GCC0006](#)) para 25

117 TFP Letter, question 2

118 Appendix 1, Question 15

119 Trade Justice Movement ([GCC0006](#)) para 26, also Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 7

120 Q282

89. While we were told that TSD chapters lack value and are symbolic due to the lack of enforcement mechanisms,¹²¹ we also heard that these chapters should not be dismissed as they can set the foundation for different approaches to creating effective provisions. There may be scope within TSD chapters to establish monitoring through co-operative dialogue mechanisms; and the UK could learn from EU practices whilst considering the specific context of this agreement.¹²²

90. We also heard about a number of different ways to address the lack of enforceability of TSD chapters, especially in relation to human rights, some of which are more appropriate than others for the context of the GCC.

91. Regarding the protection of LGBTQ+ rights within an FTA, Professor Bhala drew our attention to Article 23.9 of the United States-Mexico-Canada Agreement (USMCA) that specifically references sexual orientation and gender identity in the context of workplace discrimination.¹²³ While noteworthy in its own right, it is unclear whether the political context is favourable for the inclusion of such a provision in a UK-GCC FTA or whether the UK would have sufficient leverage in negotiating such an outcome.

92. Domestic advisory groups are fundamental to the structure of TSD chapters as they are well placed to highlight concerns. However, as witnesses highlighted, in the context of the GCC, there are “substantial limits on the freedom of civil society”,¹²⁴ and this would likely impede the effectiveness of such groups in the context of this agreement.

93. Professor Gammage, Professor of International Commercial Law at Exeter University, suggested that the UK should take a “more holistic approach” to human rights within trade agreements with whatever is negotiated complementing the work currently taking place around human rights.¹²⁵ She went on to state that human rights clauses should be embedded within other legally binding chapters of an FTA, so they are enforceable and within the FTA’s dispute settlement mechanism.¹²⁶ In relation to this, Professor Bhala pointed to the importance of grammatical structures, and the specific construction of verbs within FTA provisions, as this can determine whether they are hard law or soft law, and therefore the enforceability of such provisions.¹²⁷

94. A more radical solution may be to pursue bilateral agreements with the individual GCC states and then use agreements with other GCC states as leverage within the bloc.¹²⁸ Professor Bhala suggested that if the UK secured a bilateral with one GCC state the other states could be incentivised to gain a similar deal to gain the benefits being enjoyed by their neighbour.¹²⁹ However, Tom Wills of the Business and Human Rights Resource Centre concluded that:

I have very little confidence that the UK’s negotiating position, as it has currently been laid out, and what exists of the UK’s trade strategy—this is pieced together from various comments made by Government Ministers

121 Q282

122 Qq282, 286

123 Q263

124 Q282, Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 8

125 Q294

126 Q301

127 Q271

128 Qq273, 287

129 Q273

over the last few years—adds up to any kind of guarantee that an agreement with the GCC, whether it is done at bloc level or on an individual, country-by-country level, would adequately protect and uphold human rights and labour rights in the region.¹³⁰

95. In October 2021, the then Secretary of State for International Trade Anne-Marie Trevelyan, stated that “more trade will not come at the expense of human rights”.¹³¹ The UK Government maintains its commitment to “hold those who violate and abuse human rights to account”.¹³² However, the UK is simultaneously negotiating an FTA with a bloc including countries that, by the Government’s own assessment, are highlighted as Human Rights Priority Countries and have faced allegations of torturing detainees (Saudi Arabia) and raise concerns around media freedom and freedom of expression (Bahrain).¹³³

96. Further to this, Yasmine Ahmed of Human Rights Watch noted that the UK Government “is not unimplicated in some of the abuses” occurring in the GCC states as a result of its selling and authorising weapons to the region, and this makes it critical for the Government to “at least take a stand, when we can, in relation to trade agreements”.¹³⁴

97. ***The Government must ensure this FTA includes ambitious, binding and properly enforced human rights provisions. Specifically:***

- a) ***It is imperative that the Government uses its diplomatic leverage ahead of, rather than following, an agreement being signed in order to promote ambitious and tangible human rights reforms.***
- b) ***This agreement should take a holistic approach and prioritise the rights of minority groups, including women, and LGBTQ+ individuals, and set both immediate necessary standards, and aspirational standards to be achieved in the coming years. The Government should also take specific measures to promote the interests of minority groups, such as removing tariff or non-tariff barrier that disproportionately affect women.***
- c) ***FTAs do not usually contain specific human rights chapters, and labour chapters are often not binding and subject to dispute settlement mechanisms. Therefore, owing to the lack of a dedicated chapter, this agreement should embed specific human rights provisions within other chapters of the agreement that are binding, to ensure these provisions are meaningful and enforceable.***
- d) ***The Government must continue to monitor the ongoing human rights situation in GCC countries and use an FTA to establish co-operative dialogue mechanisms to discuss relevant issues.***
- e) ***The UK Government should also use the negotiations to press for a reduction in the funding by GCC member governments of misogynistic and homophobic versions of Islam within the UK.***

130 Q288

131 [Trade Deals: Human Rights - Hansard - UK Parliament](#)

132 [Human Rights & Democracy – The 2021 FCDO Report](#) p6

133 [Human Rights & Democracy - The 2021 FCDO Report](#) pp39–40 and p62

134 Q264

Labour rights

98. The GCC works on the basis of the kafala system (see box 1). Several witnesses raised significant concerns about this. For instance, Rosa Crawford, a Policy Officer at TUC said that this was a region where “we find some of the worst labour abuses in the world” and in which there was “systemic violation of rights”.¹³⁵

Box 1: The kafala system

Gulf countries depend on migrant workers who on average make up about 70% of the Gulf states’ workforce. The kafala system is a legal framework that has been used in all GCC states. It operates as a sponsorship system that ties workers to a local sponsor who is effectively their employer. Workers are not able to change their jobs without their sponsor’s permission which puts power in the hands of the employer and often locks workers in exploitative forms of employment. It has been reported that workers within the system are often subject to abuses such as physical violence, sexual violence, very long hours, underpayment of wages and very low pay. Of the GCC states, Bahrain and Qatar claim to have abolished the kafala system, but critics refute these claims.

Source: Qq43, 45, 299, [Council on Foreign Relations - What is the Kafala System?](#)

99. In addition to these abuses, witnesses told us that the “terrible” working conditions in the GCC have led to the deaths of “workers ... from heat conditions in the construction of the stadium for the Qatar World Cup... as well as workers trapped in unsanitary conditions”.¹³⁶ Journalist Pete Pattison also highlighted the conditions of the “labour camps” in which numerous migrant workers in the GCC live, and the “overt discrimination” faced by migrant workers, which is “very close to apartheid”.¹³⁷

100. While there have been some reforms recently, which came after significant international pressure, including the spotlight of the FIFA World Cup and the threat of a UN inquiry into forced labour, Mr Pattison suggested we might see these recede along with the spotlight of the World Cup.¹³⁸ Mr Pattison, speaking from his experience in the region, also raised concerns that there are both British and international companies operating in the GCC that are complicit in such abuses as businesses tend to “adopt the labour practices of existing companies in the Gulf”, and that “the consequences for turning a blind eye are very low” for international construction companies.¹³⁹

101. Witnesses stressed the importance of using the prospect of an FTA as leverage, maximising all diplomatic channels now in a concerted effort, rather than seeking to make gains only after the fact (which are unlikely to work).¹⁴⁰ Sayed Alwadaei fundamentally questions as to whether the UK should enter into an FTA with the GCC but, if there is to be an agreement, the Government should seek any opportunity through the FTA to influence the human rights situation.¹⁴¹ Rosa Crawford called on the Government to achieve this by utilising its diplomatic channels, including through the UN Human Rights Council.¹⁴²

135 Q45

136 Q45

137 Qq62–63

138 Q49

139 Qq53, 64

140 Q107

141 Q272

142 Qq47, 67

102. Witnesses also identified a number of ways in which trade policy and levers could be used to protect labour rights. As with the issue of protecting gender and LGBTQ+ rights, some witnesses highlighted USMCA and the merits of the Rapid Response Mechanism included within it.¹⁴³ This is a labour rights mechanism which enables workers or civil society organisations to make a complaint to a US trade representative if there has been an abuse of labour rights, and there is an obligation to investigate this within 30 days of the complaint being submitted.¹⁴⁴ The mechanism then allows “preferential market access to be swiftly removed in response to labour rights violations in specific factories, regions or supply chains”.¹⁴⁵

103. Martin Myant, Associate Researcher at European Trade Union, also raised the other enforcement mechanisms used by the US to enforce labour rights, which includes fines and sanctions (although these have not occurred yet), and the US has the consideration of reputational damage.¹⁴⁶ Crawford, however, notes that the UK-GCC agreement is a very different context to the relationship between the US and Mexico, and the Committee agrees that the UK has limited leverage to negotiate such mechanisms.¹⁴⁷

104. Witnesses also discussed the use of the five core International Labour Organization (ILO) conventions.¹⁴⁸ In particular, Tom Wills advocated for the ratification of the core UN and ILO conventions as a condition of initiating negotiations, as this pre-ratification conditionality has been used in other FTAs, including by the US.¹⁴⁹ Martin Myant added that the “ILO fundamental conventions, if not named explicitly, have to be fairly clear” within an FTA.¹⁵⁰ As with the Rapid Response Mechanism, however, it is vital to consider the UK’s leverage in its relationship with the GCC to advocate such changes. Although there are clear merits to the inclusion of the ILO principles, the inclusion as a pre-ratification condition would need to be approached with care so as not to set a precedent for future trade negotiations, as some of the UK’s other key trading partners have not ratified all ILO conventions.

105. We also heard that the labour chapter of the recent Australia FTA included public engagement mechanisms through which the public can provide views on matters regarding labour rights.¹⁵¹ It also includes provisions for the establishment of a consultative or advisory body for the chapter, and cooperative activities, including the sharing of information and best practice.¹⁵² Rosie Rowe suggested that such provisions could be used in a UK-GCC FTA both in the context of labour, and wider human rights, as there are different procedures that could be utilised.¹⁵³

143 Qq66, 84, 271, 286

144 Qq282, 66

145 Business & Human Rights Resource Centre ([GCC0002](#)) para 27

146 Q65

147 Q92

148 Q66,

149 Q289

150 Q84

151 Q285, [UK Australia Free Trade Agreement Chapter 21 Labour](#) article 21.15

152 Q285, [UK Australia Free Trade Agreement Chapter 21 Labour](#)

153 Q285

106. Rosa Crawford states that ultimately, in the case of the GCC, there can be no “labour chapter effective enough to address the scale of the problems facing workers” in the GCC as there are so many fundamental rights that are not recognised, and many legal challenges to rectify this.¹⁵⁴

107. In a letter, in January 2023, the then Secretary of State for Trade Kemi Badenoch told us that the Government is “committed” to the “protection of our labour standards”. The Secretary of State went on to state:

While trade tools are not the primary means to promote values-driven objectives, it is our experience that having secure and growing trading relationships can increase UK influence and help us to have open conversations with partners on a range of issues. Closer economic ties can also reinforce the exchange of people and ideas.¹⁵⁵

108. A major concern raised by witnesses was the risk that any unenforceable provisions or mechanisms for upholding labour rights would serve instead to undermine them, alongside the UK’s international reputation. Ineffective or unenforced provisions could improve the image of labour rights in the GCC without actually achieving progress; and without effective mechanisms for provisions, it can become “window dressing”, and could even discredit the UK as a partner.¹⁵⁶

109. If there are limitations on what the UK can achieve through FTA negotiations, we heard that there are options for tightening domestic legislation to minimise UK business complicity. Professor Bhala stated that “a final way to secure labour rights is in the supply chain”.¹⁵⁷ He also explained that the customs law provisions of the FTA can be used to bar the entry of goods “that is suspected of containing forced labour inputs or of using labour that violates any of the ILO top five” labour laws.¹⁵⁸ This has been demonstrated in the US through Uyghur Forced Labour Prevention Act: although the context is different, the principles can be the same for the UK.

110. The Government, in its written response to our questions said:

We are seeking to reaffirm each party’s respective commitments to international labour standards, including those made at the International Labour Organization.¹⁵⁹

111. The UK retains avenues and means to promote the rights of workers in the GCC. The UK’s leverage is highest now, before signing an FTA, and this should be utilised to build a “negotiating agenda” which includes metrics, enforcement mechanisms, and aspirational standards to be achieved in the coming years. It will also be important to use our diplomatic channels to address rights issues ahead of an agreement being signed.

154 Q92

155 TFP letter, question 1

156 Q102

157 Q272

158 Q272

159 Appendix 1, Question 16

112. **Whilst being extremely concerned by the labour rights abuses we have heard about, we also recognise that the UK has limited leverage in the domestic affairs of the GCC states to reform labour rights legislation. Therefore, we have considered opportunities in which the UK can tighten its own legislation, so it is not complicit in rights abuses. We support the comprehensive and meaningful implementation of the Trade Act 2021 and the Modern Slavery Act 2015 as a means to ensure the UK is not complicit in rights abuses through its supply chains.**

113. ***In the absence of power to influence domestic labour reforms in the GCC, the Government should build business confidence in the UK by strengthening and enforcing domestic legislation on modern slavery, forced labour, ethical supply chains and due diligence.***

Environmental standards

114. GCC economies are reliant on oil as a key export and the GCC states rely heavily on fossil fuels for domestic energy needs.¹⁶⁰ The GCC states have published Vision Plans with the aim of diversifying and developing their economies and some of these plans have committed to Net Zero and decarbonisation.¹⁶¹ The UK Government has stated that this demonstrates that GCC states recognise “the need to transition towards renewable energy and reduce their reliance on fossil fuel production”.¹⁶²

115. However, we heard concerning information regarding environmental standards in the GCC. Friends of the Earth England, Wales and Northern Ireland told us that all GCC members “follow fossil fuel-based economic models and low climate ambition”, and that “no GCC nation offers a viable model for climate adaption or mitigation”.¹⁶³ Furthermore, we have been informed that the methods referenced in the Vision Plans for reducing emissions are “predicated on ‘cleaner’ forms of gas, and advancements in sustainable technology, carbon capture and tree planting rather than a commitment to cut gross emissions”.¹⁶⁴

116. We heard praise from several witnesses for the UK’s role as a global leader on climate change. However, we noted a significant risk to this leadership with witnesses informing us of a general “disconnect” between the UK’s climate change objectives and the Government’s approach to trade; witnesses also asserted that negotiating an FTA with the GCC in particular “undermines” the UK’s leading role¹⁶⁵ and will not “help the UK achieve its climate and international development objectives”.¹⁶⁶

117. We heard concerns that this FTA risks embedding carbon technologies. Dr Bianco, a Gulf Research Fellow at European Council on Foreign Relations, suggests that this is a “political choice” dependent on the incentives for green business rather than fossil

160 Trade Justice Movement ([GCC0006](#)) para 5 and 6

161 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) p 8 [Qatar National Vision 2030](#) p 11, [Bahrain Economic Vision 2030](#) p 10

162 [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) p 8

163 Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 21 and 23

164 Trade Justice Movement ([GCC0006](#)) para 7

165 Traidcraft Exchange ([GCC0007](#)) para 2, 3 and 9, Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 5, [Compassion in World Farming](#) ([GCC0005](#)) para 8,

166 Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 5

fuel-based business. She highlighted that whilst it will not be easy to get environmental issues into a trade deal, the UK could build on political rhetoric and is well positioned to “leverage the local leadership claims and political commitments of the Gulf Countries”.¹⁶⁷

118. We were told the FTA can include strong references to the 1.5°C Paris target, commitments to net-zero and non-regression provisions.¹⁶⁸ Taking the example of the UK-New Zealand FTA, we were informed that an agreement could proactively build in fossil fuel subsidy reform, or include progressive commitments on carbon pricing and electricity trading, as seen in the EU-UK Trade and Cooperation Agreement (TCA).¹⁶⁹ Cameron Witten, of the Green Alliance think tank, advised that the environment chapter should be subject to a “cross-cutting and comprehensive” dispute resolution mechanism which “provide[s] the opportunity for ex-post evaluation and analysis”.¹⁷⁰

119. Dr Bianco suggested the possibility of a “very narrow yet constructive path” to respect, and even further, the UK’s own environmental goals if this agreement includes preferential trade agreements on decarbonisation and green technologies.¹⁷¹

120. Witnesses told us of opportunities to collaborate with the GCC on green technologies and innovation. We heard from James Hygate, founder of Green Fuels, which established a biodiesel plant in Oman, on the appetite for green fuels and innovative technologies in the GCC states. He noted that whilst the project has gained significant publicity, there have been “real challenges” due the lack of policy to promote the use of sustainable fuels.¹⁷² Hygate praised the role of DIT and UK Export Finance (UKEF) in assisting with businesses in the development of technologies.¹⁷³ We were informed that furthering such opportunities could be achieved by having research funding to develop and adapt technologies to the environment of the GCC; incentivising specific capabilities in the UK technology industry; and operationalising green hydrogen production.¹⁷⁴ Moreover, this FTA could reduce tariff barriers on environmental goods and clarify definitions of such goods at the WTO level.¹⁷⁵

121. A particular concern raised about the environmental implications of a UK-GCC FTA was the risk of carbon leakage¹⁷⁶, which the Government also noted may emerge in the short and medium term “given the UK is likely to implement additional climate mitigation policies at a faster rate than the GCC member states”.¹⁷⁷ Cameron Witten stated that, to mitigate these risks, we will require “strong commitments, which may be challenging, to net zero, decarbonisation and transition”.¹⁷⁸ Mr Witten explained that although GCC rhetoric is promising, the details are challenging, and it would be “very difficult” to ensure the agreement would not contribute to carbon leakage.¹⁷⁹ Carbon border adjustment mechanisms (CBAM) have been suggested as a means of a partial solution to mitigate

167 Qq178, 176

168 Q179

169 Q179

170 Q180

171 Q175

172 Q181

173 Q183

174 Qq182, 183

175 Q183

176 A term for when producers outsource abroad the carbon-intensive elements of their supply chains.

177 Q194, [UK-Gulf Cooperation Council Free Trade Agreement - The UK’s Strategic Approach](#) p 74

178 Q194

179 Q194

carbon leakage.¹⁸⁰ Both Mr Witten and Dr Bianco state, however, that pursuing such mechanisms would be difficult, although not impossible to “at least leaving it open in the text”.¹⁸¹

122. Another significant issue raised during this inquiry was the inclusion of investor-state dispute settlement (ISDS) mechanisms¹⁸². ISDS is used to address a whole range of issues, but which witnesses raised most closely in relation to disputes over environmental standards. We were told of examples in other countries in which ISDS provisions enabled companies to sue governments for policies which are harmful to their profits, and the risk that ISDS could be used within this FTA to challenge new climate change regulations.¹⁸³ Mr Witten stated that ISDS is a “significant risk from an environmental perspective”.¹⁸⁴

123. Mr Witten explained that ISDS is a “closed system” and exposes public funds to significant financial liability, whereas FTA state-to-state dispute mechanisms are much more transparent.¹⁸⁵ We heard numerous calls for the exclusion of ISDS clauses from a UK-GCC FTA¹⁸⁶ as they are “incompatible with human rights and environmental protections”.¹⁸⁷

124. There were also numerous calls for the review and termination of bilateral investment treaties containing ISDS provisions between the UK and Bahrain, Oman and UAE, and similar treaties with Kuwait and Qatar which are not yet in force.¹⁸⁸ We were told that this termination should also apply to other agreements including the Energy Charter Treaty.¹⁸⁹

125. The Government makes only one mention of ISDS in its UK-GCC FTA Strategic Approach document, but it does commit to it, so we lack clarification on the Department’s view of such provisions.

126. Regarding environmental challenges and green technologies, there are valuable opportunities to collaborate and promote research in these areas. We also, however, see challenges in the implementation of higher environmental standards given the inherent difficulty of getting environmental issues into an FTA and the differing environmental standards and commitments both between the UK and GCC, and across the individual GCC states more widely. This discrepancy makes it challenging to implement higher environmental standards.

127. In order to mitigate environment impacts, we support the Government including defensive and proactive measures within an FTA. All such provisions should be effectively and meaningfully enforced. Therefore, we recommend that the environment

180 Q195

181 Q195

182 ISDS is a system by which countries can be sued by foreign investors for certain state actions affecting foreign direct investment

183 Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 9, Trade Justice Movement ([GCC0006](#)) para 8a

184 Q179

185 Qq185–186

186 Business & Human Rights Resource Centre ([GCC0002](#)) para 30, Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 37 and 38, Traidcraft Exchange ([GCC0007](#)) para 13, Q187

187 Business & Human Rights Resource Centre ([GCC0002](#)) summary d

188 Business & Human Rights Resource Centre ([GCC0002](#)) para 24, Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#)) para 4d, Trade Justice Movement ([GCC0006](#)) para 8b, Traidcraft Exchange ([GCC0007](#)) para 13, Q187

189 Trade Justice Movement ([GCC0006](#)) para 8b

chapter should be subject to a cross-cutting and comprehensive dispute resolution mechanism which provides the opportunity for ex-post evaluation and analysis. We also support the facilitation of enhanced trade in environmental goods and services in order to promote the renewable energy transition.

128. This FTA could help UK businesses seize opportunities to produce innovative technologies and facilitate trade in environmental goods and services. *We support the pursuit of such opportunities through both tariff and non-tariff measures, particularly to facilitate increased trade in environmental services, not just goods.*

129. *We recommend that the Government take further steps to make it easier for investors from the GCC to access investment opportunities in the UK, particularly for technologies to further industrial growth and decarbonisation in the GCC.*

130. *DIT must ensure this FTA includes binding environmental commitments and does not pose a risk to the UK's climate ambitions. Specifically:*

- a) *The UK Government should use its diplomatic leverage ahead of signing an agreement to encourage all GCC states to commit to ambitious net zero targets with realistic plans for implementation.*
- b) *The FTA should include binding commitments towards decarbonisation and means to tackle carbon leakage risk.*
- c) *The agreement should prioritise the growth of renewable energy sources and seek to achieve this by promoting UK-GCC partnerships and innovation in this area. Means to pursue this should include targeted R&D funding and cooperation forums.*
- d) *The Government should oppose the inclusion of ISDS provisions in an FTA and comprehensively assess the potential implications and risks of this. In parallel with this, the Government should consider and review its existing bilateral investment treaties with the GCC individual states which include ISDS provisions.*

3 Appendix to the Report: Written response from the Department for International Trade

Response as received on 23 March 2023

Question 1: Please provide an update on the process of the negotiations.

1. We launched negotiations with the Gulf Cooperation Council (GCC) on 22 June 2022. All parties agreed to negotiate an ambitious, comprehensive and modern free trade agreement (FTA) fit for the 21st century. We agreed to conduct hybrid negotiations and expect to hold negotiation rounds approximately quarterly.
2. Both sides have agreed to negotiate a GCC-wide FTA, which will have the greatest economic and strategic value for all parties. Within this GCC-wide FTA framework, there is the opportunity for enhanced bilateral commitments between the UK and individual GCC Member States, in the form of annexes or side letters.
3. Over 100 negotiators from across Whitehall, including our HM Trade Commissioner and colleagues at UK Embassies in the GCC, have supported negotiations. The Chief Negotiator regularly updates Devolved Administrations and Crown Dependencies on the progress of negotiations.
4. We have held three rounds of negotiations so far: virtually in August/September 2022, in London in December 2022 and in Riyadh in March 2023. We have made good progress, covering all the policy areas set out in the UK's Strategic Approach: <https://www.gov.uk/government/publications/uk-approach-to-negotiating-a-free-trade-agreement-with-the-gulf-cooperation-council-gcc>

Question 2: The agreement with the GCC is the first new FTA the UK is negotiating with a bloc. What kinds of challenges has that brought to the UK negotiators?

5. All negotiations are different and negotiating with a bloc of 6 countries brings unique challenges including logistical considerations. The government already has experience of negotiating FTAs with multiple blocs, most notably the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP).
6. The GCC Secretariat coordinates negotiations for the 6 member states but does not negotiate on their behalf. The GCC is in the process of appointing a permanent chief negotiator. His Excellency Fareed bin Saeed Al Asaly, Head of the Saudi Negotiating Team, is currently the Acting Chief Negotiator for the GCC, and each policy area has a lead negotiator. Compared to a bilateral partner, it takes more time for 6 countries to coordinate, and that is reflected in the structure of our negotiation rounds, which are held approximately once a quarter.

7. It is important to note that as we are negotiating with a bloc of countries that have different regulatory systems, any provisions agreed in the UK-GCC FTA will respect all parties' right to regulate in their sovereign interest. This includes requirements on specific policy areas or those that affect intra-GCC trade. As outlined in our response to the first question, within the GCC-wide framework there is the opportunity for enhanced bilateral commitments between the UK and individual GCC Member States, in the form of annexes or side-letters. We will make full use of these opportunities to ensure we maximise the benefits with individual GCC Member States.

Export opportunities for the UK

Question 3: Given that tariffs on UK agri-food goods are already low, around 5% on many goods, should UK negotiators be concentrating their efforts on this agreement, for an apparently low economic return?

8. The GCC is equivalent to the UK's 7th largest export market, and total trade was worth £33.1 billion in 2021. A trade deal would be a substantial opportunity for both our economies and a significant moment in the UK-GCC relationship. It will boost the economy, create jobs, increase wages and support the levelling up agenda. Government analysis shows that, in the long run, a deal with the GCC is expected to increase trade by at least 16%, add at least £1.6 billion a year to the UK economy and contribute an additional £600 million or more to UK workers' annual wages. All regions and nations of the UK are set to benefit from a trade deal with the GCC.

9. We are negotiating an ambitious, comprehensive and modern free trade agreement that will deliver economic benefits for the whole of the UK, with opportunities in multiple sectors. A strong trading relationship will allow the UK to play to our strengths as an innovative economy, a manufacturing powerhouse and a world leader in technology, cyber, life sciences, creative industries, education, AI, financial services, and renewable energy.

10. The UK is the second largest services exporter in the world and services account for more than half of UK exports to GCC countries. A deal will help to unlock new opportunities for services firms to grow their presence in the region. Furthermore, with at least £30 billion already invested in each other's economies, this deal will also help to unlock even more opportunities for investment between the UK and GCC countries.

11. With regards to tariffs, the UK will seek to reduce or remove tariffs on our goods exports, making them more competitive in the GCC market. For example, the UK exports £1 billion worth of cars to GCC countries despite a tariff of up to 5%. Other exports that could benefit include ceramic products (up to 15%), clothes (up to 15%) and jewellery (5%).

12. The GCC states are large importers of food products and so there is plenty of opportunity for British farmers and producers in the market. British food and drink exports to GCC countries were worth £625 million last year and a deal could reduce or remove tariffs on UK exports including cereals (which face a tariff of up to 25%), chocolate (up to 15%), baking products (up to 12%), sweet biscuits (up to 10%) and smoked salmon (5% tariff).

Question 4: Access to up-to-date regulations is essential when exporting overseas. Many of the regulations for the Gulf States are behind a paywall. How will the Government ensure this information can be freely and easily accessed by UK exporters?

13. During negotiations, we seek to promote the use of international standards, to further facilitate trade between the parties. We also seek to promote a transparent approach to regulations, making information more accessible for businesses.
14. To further support SMEs, we are seeking a dedicated SME chapter, which would improve access to the information they need to take advantage of the trade opportunities generated by the agreement.

Question 5: The Australia and New Zealand Agreements have been criticised for the potential effect they may have on UK agricultural producers. Do you see the agreement with the GCC as presenting an opportunity to mitigate those concerns?

15. The GCC states are large importers of food products and so there is a significant opportunity for British farmers and producers in the market. In 2022, the UK exported £877 million worth of food and drink to the GCC and imported £41.2 million worth of food and drink from the GCC. Top exports were whisky/whiskey (£179.4m), cereal (£128.6m) and chocolate (£109.8m). Top imports were fresh and dried dates (£8.7m), cocoa (£7.6m) and processed fats (£3.9m). UK agricultural producers would benefit from increased access to the Gulf nations and an FTA will provide further opportunities for British farmers to sell more great British food overseas.

Question 6: Those producers who might suffer increased competition from Australian or New Zealand imports are not necessarily best placed to take advantage of export opportunities to the GCC. How will the Government support them?

16. The government is focused on getting trade deals that protect and advance the interests of our farmers and consumers. British food and drink exports to GCC countries were worth £877 million last year, growing by more than 40% compared to 2021, and a FTA with the GCC could help further boost this figure by addressing tariffs and non-tariff barriers as set out in our answer to Question 3.

Question 7: A range of private organisations certify meat as halal in the UK. However, they do not use the same standards. What role could Government play in developing a single halal standard as a means to facilitate agri-food exports?

17. UK meat exports to the GCC totalled £13.1m in 2022 and an FTA could help to boost all meat exports. The largest proportion of UK meat exports to the GCC in 2022 were made up of lamb, sheep, and goat meat. The government understands the opportunities that a UK-GCC FTA could bring to food and drink exporters.

18. We look forward to exploring how we best achieve that during the course of negotiations through measures that (for instance) ease passage through customs, reduce non-tariff barriers, and, where relevant, reduce the applied tariffs.

19. We must recognise, however, that GCC member states each operate their own halal standard, and it is already possible for UK producers to receive certification from the relevant organisations for each of the GCC member states.

Question 8: New Zealand is a world-leader in developing its halal meat export industry. Are you in conversations with your counterparts there about sharing best practice to support UK agri-food exporters?

20. Officials from the Department for Environment, Food and Rural Affairs (DEFRA) have engaged with counterparts in New Zealand and elsewhere on an ongoing basis in order to share best practice and facilitate support for UK exporters. We also aim to address a range of tariff and non-tariff barriers through the FTA, to help UK agri-food exporters, with DEFRA colleagues supporting us throughout the course of negotiations.

Question 9: Where does DIT see most significant opportunities, and most significant barriers, to trade in services?

21. The UK is the second largest services exporter in the world and services account for more than half of UK exports to GCC countries. A deal will help to unlock new opportunities for services firms to grow their presence in the region and could help firms contribute to GCC Member States' vision plans to diversify away from oil and gas, and transition to more knowledge-based economies.

22. The GCC is an important potential growth opportunity for UK services, and we are seeking to use an FTA to encourage the liberalisation of trade in services across the GCC for key UK export sectors such as financial and professional and business services. The UK is aiming to provide additional certainty and greater market access for UK service providers by addressing barriers that currently exist in each market.

23. Cross-cutting UK objectives that will help boost services trade with the GCC include an SME chapter, provisions to improve business mobility, and digital trade provisions that facilitate e-commerce and the free flow of data.

24. During negotiations there will be the opportunity to go further with individual GCC member states on a bilateral basis where we share ambition, including on services.

Question 10: The Gulf States are not common law jurisdictions. What safeguards for investors will be included in the Agreement?

25. All trade negotiations are different and we take a country's legal system into account when negotiating an FTA. Whether a State has a common law, civil law, or other system of law, each State has its own unique domestic foreign investment legal regime.

26. On investment, we are seeking to agree provisions that create new opportunities for UK investors in the GCC, whilst addressing existing barriers that investors currently face. We also seek to establish appropriate mechanisms that promote compliance with

the agreement and ensure that state-to-state disputes are dealt with consistently, fairly and cost-effectively, promoting transparency and maintaining timeliness, whilst seeking predictability and certainty for businesses and stakeholders.

Question 11: How will you ensure that these safeguards cannot be used to undermine public policy goals, such as environmental protections?

27. The UK Government remains clear that any deal we sign will be in the best interests of the British people and the UK economy. We will not compromise on our high environmental, public health, animal welfare and food standards, and we will maintain our right to regulate in the public interest. During these negotiations, the National Health Service and the services it provides are not on the table.

Question 12: Given the risk of ISDS, particularly in the environmental context, will the Department revise the ISDS provisions in its bilateral agreements with the GCC states?

28. The Government is clear that when negotiating FTAs, we will continue to protect our right to regulate in the public interest, including in areas such as the environment and labour standards. The UK has investment agreements containing ISDS provisions with over 90 trading partners. There has never been a successful ISDS claim brought against the UK, nor has the threat of potential claims affected the Government's legislative programme, including with respect to climate change mitigations and adaptation.

29. There are existing Bilateral Investment Treaties containing ISDS in force between the UK and three of the six GCC states - Bahrain, Oman, and the UAE. These are distinct investment treaties, separate from the UK-GCC FTA negotiations.

Question 13: We have heard concerns that if a British business established a presence in the GCC, and then outsourced labour or manufacturing through a local agency, the labour standards for these workers are likely to not meet UK standards. The British business would then be complicit in participating in sub-standard labour practices as a result of its labour supply chain. How will you give British businesses the confidence they need on such standards to seize the opportunities offered through this FTA?

30. The Government shares the public's high regard for worker protections and has made clear that we will not compromise on these. In line with our international obligations, the Government will continue to protect our labour standards in new trade agreements, including with the GCC. We will also seek to ensure that the agreement protects against labour rights being reduced to gain a trade advantage.

Question 14: The UK is a world leader in digital trade and intellectual property. What assessment have you made on the scope for UK-Gulf partnerships to build expertise in these areas within the GCC?

31. As the committee highlights, the UK is a global champion of protecting IP rights and recognises the need for accessible, transparent and effective enforcement of IP rights, including for online IP infringement.

32. On digital trade, we are seeking the inclusion of a digital chapter that maximises opportunities for digital trade across all sectors of the economy, and businesses of all sizes, across the UK. We seek commitments to facilitate more efficient and secure international trade through use of digital technologies, including through paperless trading.

Addressing concerns over standards

Question 15: Within the GCC there are reports of torture during detention and severe restrictions on freedom of expression. In light of this, should the UK be offering preferential trade access to this bloc?

33. The UK is a leading advocate for human rights and the government will continue to show global leadership in encouraging all states to uphold international human rights obligations and hold those who violate or abuse human rights to account. This activity is undertaken separately to the negotiation of Free Trade Agreements. While aspects of trade policy can provide the opportunity to address other issues in a bilateral relationship, free trade agreements are not generally the most effective or targeted tool to advance human rights issues.

34. Where the UK has concerns about human rights abuses, these are raised privately and regularly at official and Ministerial level. Human rights issues, in relation to both thematic and individual cases were for example raised recently by Lord Ahmad, Minister of State for the Middle East, North Africa, South Asia and United Nations during his recent trip to the region in February 2023.

Question 16: How useful for businesses is the agreement without a binding set of provisions on labour standards?

35. As outlined above, we are seeking to reaffirm each party's respective commitments to international labour standards, including those made at the International Labour Organization. We are also exploring the appropriate mechanisms for the implementation, monitoring and dispute resolution of labour provisions in the FTA.

Question 17: In recent correspondence, DIT stated that from April 2023, it will publish a biennial FTA monitoring report on the progress of the implementation of FTAs. Will this include monitoring of human rights provisions in the agreements?

36. As outlined above, the UK is a leading advocate for human rights and we will continue to show global leadership in encouraging all states to uphold international human rights obligations and hold those who abuse human rights to account. This activity is undertaken separately to the negotiation of Free Trade Agreements. While aspects of trade policy can provide the opportunity to address other issues in a bilateral relationship, free trade agreements are not generally the most effective or targeted tool to advance human rights issues.

Question 18: If yes, how will the Government establish a baseline to measure from, and ensure objective monitoring and reporting given the issues surrounding freedom of speech in the region?

37. This is not a matter to be covered in FTA negotiations.

Question 19: If the UK is unable to negotiate a labour chapter that provides sufficient assurances to businesses looking to engage in the Gulf, would the UK Government pursue bilateral agreements in addition to a bloc-wide FTA?

38. The UK will look to explore, alongside the GCC, how labour provisions within an FTA could support our objectives. In an FTA, we will seek to reaffirm each party's respective commitments to international labour standards, including those made at the International Labour Organization. Both sides are committed to approaching negotiations with a high-level of ambition and there is strong political will on all sides across the agreement. Three rounds of negotiations have been held covering all the objectives outlined in the UK's Strategic Approach, including worker's rights.

Environment

Question 20: The UK and the GCC has differing climate policies, creating a risk of carbon leakage between us. Will DIT use the Agreement to agree a carbon border adjustment mechanism?

39. The UK is a global leader on climate action and a trade deal will create opportunities for UK businesses to work with GCC countries as they diversify their economies to move away from a reliance on fossil fuels. The UK is preparing to consult on a range of possible policy options to mitigate against carbon leakage risk in spring this year. This will include whether policies such as a carbon border adjustment mechanism (CBAM), mandatory product standards as well as labelling and procurement measures could be a useful part of the UK's policy mix.

40. The UK has a track record of working with finance ministries in GCC countries on sustainability. For example, the UK signed a financial services Memorandum of Understanding with Saudi Arabia, which among its objectives seeks to enhance cooperation on green finance. This builds on previous UK-Saudi green finance collaboration such as the issuances of the Public Investment Fund's green bonds in London, in support of Saudi Arabia's economic transformation to achieve climate objectives.

Question 21: As in the recent UK-Australia and UK-New Zealand FTAs, will this agreement contain similar references to the Paris Agreement, net zero targets, and an environmental goods list of liberalised tariffs?

41. All GCC countries are parties to the Paris Agreement, which aims to limit global warming to under 1.5C. The UK has a track record of working with GCC countries on clean energy and we seek to build on this through the FTA.

42. A trade deal will support our commitment to move to net zero. As outlined in our Strategic Approach, we are seeking to reaffirm commitments to multilateral environmental agreements. We are also seeking provisions that support and further the government's ambition on achieving net zero by 2050, including promoting trade and investment in environmentally and climate friendly goods and services.

43. As part of the FTA the UK will seek to reduce or remove tariffs across a range of goods, including those that help achieve net zero. For example, exports of UK wind turbine parts currently face tariffs of up to 15%. An agreement with the GCC would create opportunities for other parts of the UK's green technology industries including solar power, hydrogen power, electric vehicles and smart energy systems.

Supplementary: Will the environment chapter provisions be binding and subject to dispute settlement mechanism?

44. The government is seeking to create a strong state-to-state dispute settlement mechanism that promotes compliance with the agreement. We are still at an early stage of negotiations and the focus has been on setting out our objectives and understanding the GCC's positions.

Overarching themes

Question 22: During our inquiry we have discussed a range of issues which have also presumably arisen for UK negotiators for the first time through negotiations with the GCC. Has this led the department to rethink the utility of an overarching trade strategy?

45. All trade deals are bespoke, different, and are tailored to the relationships and markets of the countries involved - there is no one size fits all. The UK's objectives for this FTA are outlined in our Strategic Approach, which was published and sent to the ITC when negotiations launched last year. In many areas, the UK is seeking to go further than the GCC have agreed in previous trade agreements.

46. In a changing and complex international environment, we must be flexible and adapt to deliver our objectives. The Government has set out in publicly available documents its trade strategy including the Integrated Review and the Department's Outcome Delivery Plan. The Department also publishes strategic cases for each FTA setting out how the trade agreement fits within our wider strategy approach and will continue to do so.

Question 23: There is a risk of this agreement setting a precedent for how the UK engages in negotiations with future trade partners. How will DIT manage the risk of frustrating future negotiating partners?

47. No single deal sets a blueprint for future deals, and we seek to negotiate trade deals that are in the UK's national interest, including with the GCC. All trade deals are bespoke, different, and are tailored to the relationships and markets of the countries involved - there is no one-size-fits-all approach to negotiating trade deals.

48. Both sides remain committed to securing an ambitious, comprehensive and modern agreement fit for the 21st century. The UK has exchanged draft chapter text with the GCC across most policy areas and is pushing the GCC to go further than it has gone before. We will only recommend a final agreement to Parliament that is in the UK's interest.

Conclusions and recommendations

Wider Context

1. We question whether the UK should, as the Government appears to be determined to do, pursue an FTA with the GCC as a bloc, or whether it would be more efficient, effective and in the interests of the UK to pursue tailored bilateral agreements with the individual GCC states. (Paragraph 21)
2. *Given the differing legal systems within the GCC and the bloc's history as a trade actor, we believe that, in this instance, bilateral agreements would allow us to push individual states further to be more ambitious with, for example, human rights provisions, rather than settling for a lowest common shared standard.* (Paragraph 22)
3. It is important to consider the GCC FTA negotiations in the context of the historical relationship between the UK and Gulf States and the wider geopolitical context of today, which is less favourable than the context that lay behind UK negotiations with Australia and New Zealand. (Paragraph 30)
4. The UK-GCC FTA raises different, and thornier, challenges for the UK than the Australia or New Zealand FTAs and brings into sharper relief the tensions often found between economic interests and values. The Government needs to have clarity on what sort of trading nation we want to be and our priorities in addition to purely economic considerations. Unfortunately, due to the Department's refusal to send a Minister to speak to our Committee, we were unable to more fully challenge and explore DIT's position on negotiating this crucial and delicate balance. (Paragraph 31)
5. The UK needs to reflect our values within our trade policy, regardless of the type of agreement we pursue, and this agreement is likely to set a precedent for how the UK engages in trade negotiations in the future. (Paragraph 32)
6. Without a comprehensive trade strategy, as we have requested from the Government on numerous occasions, it is difficult to assess whether the Government is choosing the most strategically advantageous approach to this agreement. (Paragraph 33)
7. *We recommend that the Government produce, as a matter of urgency, a trade strategy to guide its approach to negotiations and, ultimately, decision-making on FTAs.* (Paragraph 34)
8. In order for this FTA, and our wider trade policy, to reflect the views of the public, trade unions and the devolved administrations, the Government needs to adequately consider the interests of these groups within its negotiating objectives. (Paragraph 35)
9. *We, therefore, recommend that the Government strengthens engagement with trade unions during the negotiating process as we need to demonstrate best practice when discussing the need to strengthen the rights of workers in other countries.* (Paragraph 36)

10. We also recommend that the Government more actively engage with the devolved administrations and consider their interests during the negotiating process. (Paragraph 37)

Export Opportunities for the UK

11. It is vital that the Government and agrifood industry work together to capitalise on the market access the Government hopes to secure and utilise the UK's unique advantages. (Paragraph 45)
12. Overall, we see the UK-GCC FTA as a good opportunity for UK businesses to export goods and services to the GCC, particularly in the agrifood, green tech, renewable goods, and financial services sectors. This agreement also offers important opportunities for UK-GCC collaboration on IP rights and for the UK to build on its already strong Islamic finance industry. (Paragraph 70)
13. There is, however, a common theme across the evidence we have heard: the need to simplify requirements and improve transparency of regulations for the export of goods and services to the GCC. The opportunities offered by this FTA must be underpinned by measures that give assurances to British businesses when entering the market. (Paragraph 71)
14. We support the view that whilst recognising the separate jurisdictions of the GCC, the UK should seek to set common ground rules that enable cross-border trade in services. (Paragraph 72)
15. It is vital that we build capacity in the UK to take full advantage of the market access the Government hopes to secure through this agreement and so the Government must proactively support UK businesses to increase exports and build the ecosystem needed to support businesses to achieve this. (Paragraph 73)
16. *We recommend that the Government provides further support and guidance to UK exporters, to enable them to fully seize the opportunities offered by this FTA. This should include the publication of a comprehensive trade strategy and targeted, sector specific support. Examples of this targeted support include:*
 - a) *Removal of any existing tariffs on agrifood goods between the UK and GCC.*
 - b) *Funding into R&D to make the UK's halal meat industry more competitive along with greater regulation and standardisation across the process of halal certification.*
 - c) *The pursuit of equivalence agreements with the GCC states whilst upholding the UK's independent Sanitary and Phyto-sanitary regime ensuring the consistent and transparent application of the rules on a regional basis.* (Paragraph 74)
17. *We recommend the creation of a single, free, dedicated trade information hub to simplify the export process for UK businesses. The hub must provide comprehensive and simple information on tariffs, rules of origin, regulatory standards, certification requirements, taxes, and local requirements. To address the issues of export*

requirements to the GCC changing with little warning there should be a regulatory early warning system, such as email alert system for hub users, to forewarn businesses of changes. (Paragraph 75)

18. *The Committee strongly urges the Government to ensure that any liberalisation of data flows does not lead to the UK contravening EU data adequacy rules. (Paragraph 76)*

Addressing concerns

19. We are extremely concerned about the substantial and persistent human rights abuses in GCC countries highlighted in evidence to this inquiry. (Paragraph 80)
20. *Ahead of the completion of this Agreement, we recommend that the Government evaluate, and publish, the likely impact of this FTA on the human rights situation in the GCC member states. This must include specific assessments of the likely impact on both women and LGBTQ+ individuals, in order to anticipate and mitigate negative impacts during the negotiations process. (Paragraph 86)*
21. *Once this FTA is signed, the Government must undertake regular meaningful evaluations of the ongoing impact of this Agreement on human rights in the GCC region through its biennial FTA monitoring reports. (Paragraph 87)*
22. *The Government must ensure this FTA includes ambitious, binding and properly enforced human rights provisions. Specifically:*
 - a) *It is imperative that the Government uses its diplomatic leverage ahead of, rather than following, an agreement being signed in order to promote ambitious and tangible human rights reforms.*
 - b) *This agreement should take a holistic approach and prioritise the rights of minority groups, including women, and LGBTQ+ individuals, and set both immediate necessary standards, and aspirational standards to be achieved in the coming years. The Government should also take specific measures to promote the interests of minority groups, such as removing tariff or non-tariff barrier that disproportionately affect women.*
 - c) *FTAs do not usually contain specific human rights chapters, and labour chapters are often not binding and subject to dispute settlement mechanisms. Therefore, owing to the lack of a dedicated chapter, this agreement should embed specific human rights provisions within other chapters of the agreement that are binding, to ensure these provisions are meaningful and enforceable.*
 - d) *The Government must continue to monitor the ongoing human rights situation in GCC countries and use an FTA to establish co-operative dialogue mechanisms to discuss relevant issues.*
 - e) *The UK Government should also use the negotiations to press for a reduction in the funding by GCC member governments of misogynistic and homophobic versions of Islam within the UK. (Paragraph 97)*

23. The UK retains avenues and means to promote the rights of workers in the GCC. The UK's leverage is highest now, before signing an FTA, and this should be utilised to build a "negotiating agenda" which includes metrics, enforcement mechanisms, and aspirational standards to be achieved in the coming years. It will also be important to use our diplomatic channels to address rights issues ahead of an agreement being signed. (Paragraph 111)
24. Whilst being extremely concerned by the labour rights abuses we have heard about, we also recognise that the UK has limited leverage in the domestic affairs of the GCC states to reform labour rights legislation. Therefore, we have considered opportunities in which the UK can tighten its own legislation, so it is not complicit in rights abuses. *We support the comprehensive and meaningful implementation of the Trade Act 2021 and the Modern Slavery Act 2015 as a means to ensure the UK is not complicit in rights abuses through its supply chains.* (Paragraph 112)
25. *In the absence of power to influence domestic labour reforms in the GCC, the Government should build business confidence in the UK by strengthening and enforcing domestic legislation on modern slavery, forced labour, ethical supply chains and due diligence.* (Paragraph 113)
26. Regarding environmental challenges and green technologies, there are valuable opportunities to collaborate and promote research in these areas. We also, however, see challenges in the implementation of higher environmental standards given the inherent difficulty of getting environmental issues into an FTA and the differing environmental standards and commitments both between the UK and GCC, and across the individual GCC states more widely. This discrepancy makes it challenging to implement higher environmental standards. (Paragraph 126)
27. In order to mitigate environment impacts, we support the Government including defensive and proactive measures within an FTA. All such provisions should be effectively and meaningfully enforced. *Therefore, we recommend that the environment chapter should be subject to a cross-cutting and comprehensive dispute resolution mechanism which provides the opportunity for ex-post evaluation and analysis. We also support the facilitation of enhanced trade in environmental goods and services in order to promote the renewable energy transition.* (Paragraph 127)
28. This FTA could help UK businesses seize opportunities to produce innovative technologies and facilitate trade in environmental goods and services. *We support the pursuit of such opportunities through both tariff and non-tariff measures, particularly to facilitate increased trade in environmental services, not just goods.* (Paragraph 128)
29. *We recommend that the Government take further steps to make it easier for investors from the GCC to access investment opportunities in the UK, particularly for technologies to further industrial growth and decarbonisation in the GCC.* (Paragraph 129)

30. *DIT must ensure this FTA includes binding environmental commitments and does not pose a risk to the UK's climate ambitions. Specifically:*
- a) *The UK Government should use its diplomatic leverage ahead of signing an agreement to encourage all GCC states to commit to ambitious net zero targets with realistic plans for implementation.*
 - b) *The FTA should include binding commitments towards decarbonisation and means to tackle carbon leakage risk.*
 - c) *The agreement should prioritise the growth of renewable energy sources and seek to achieve this by promoting UK-GCC partnerships and innovation in this area. Means to pursue this should include targeted R&D funding and cooperation forums.*
 - d) *The Government should oppose the inclusion of ISDS provisions in an FTA and comprehensively assess the potential implications and risks of this. In parallel with this, the Government should consider and review its existing bilateral investment treaties with the GCC individual states which include ISDS provisions. (Paragraph 130)*

Formal minutes

Wednesday 19 April 2023

Members present

Angus Brendan MacNeil (Chair)

Mark Garnier

Anthony Mangnall

Lloyd Russell-Moyle

Martin Vickers

Mick Whitley

Draft Report (*Free Trade Agreement Negotiations with the Gulf Cooperation Council*) proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 130 read and agreed to.

Summary agreed to.

Correspondence from the Department was appended to the Report as an Appendix.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

Adjournment

Committee adjourned.

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Wednesday 12 January 2022

Dr David Roberts, Associate Professor at King's College London; **Dr Joseph A.Kéchichian**, Senior Fellow at King Faisal Center for Research and Islamic Studies; and **Bandar Reda**, CEO and Secretary General at Arab-British Chamber of Commerce.

[Q1–41](#)

Wednesday 13 July 2022

Rosa Crawford, Policy Officer, TUC; **Martin Myant**, Associate Researcher, European Trade Union Institute; and **Pete Pattison**, Journalist.

[Q42–107](#)

Wednesday 26 October 2022

Peter Stevenson, Chief Policy Adviser, Compassion in World Farming; **Dr Awal Fuseini**, Senior Halal Sector Manager, Agriculture and Horticulture Development Board.

[Q108–145](#)

Dominic Goudie, Head of International Trade, Food and Drink Federation; **Sarah Baker**, Economic Strategist, Agriculture and Horticulture Development Board; **Nick von Westenholz**, Director of EU Exit and International Trade, NFU; **Houaida Alawieh**, Senior Regulatory Affairs Adviser, Campden BRI Group.

[Q146–173](#)

Wednesday 16 November 2022

James Hygate, Founder and CEO, Green Fuels; **Cameron Witten**, Senior Policy Advisor, Green Alliance; and **Dr Cinzia Bianco**, Gulf Research Fellow, European Council on Foreign Relations.

[Q174–199](#)

Mohammed Soliman, Director, Center for Strategy and Emerging Technology, The Middle East Institute; **Dr Nadia Naim**, Senior Lecturer, Aston Law School; and **John Cooke**, Co-Chair, Liberalisation of Trade in Services Expert Advisory Group, TheCityUK.

[Q200–224](#)

Wednesday 07 December 2022

Professor Raj Bhala, Brenneisen Distinguished Professor, University of Kansas School of Law; **Sayed Alwadaei**, Director, Bahrain Institute for Rights and Democracy; **Yasmine Ahmed**, UK Director, Human Rights Watch.

[Q255–280](#)

Rosie Rowe, Advisor, Pillar Two; **Tom Wills**, Project Manager, Corporate Accountability and Trade, Business and Human Rights Resource Centre; **Professor Clair Gammage**, Professor of International Commercial Law, University of Exeter Law School.

[Q281–302](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

GCC numbers are generated by the evidence processing system and so may not be complete.

- 1 British Veterinary Association ([GCC0017](#))
- 2 Business & Human Rights Resource Centre ([GCC0002](#))
- 3 Compassion in World Farming ([GCC0005](#))
- 4 Department for International Trade ([GCC0020](#))
- 5 Embassy of the Kingdom of Bahrain ([GCC0019](#))
- 6 Friends of the Earth England, Wales and Northern Ireland ([GCC0004](#))
- 7 Law Society of Scotland ([GCC0018](#))
- 8 National Farmers' Union ([GCC0003](#))
- 9 The Bahrain Institute for Rights and Democracy ([GCC0015](#))
- 10 The Law Society of England and Wales ([GCC0008](#))
- 11 TheCityUK ([GCC0016](#))
- 12 Trade Justice Movement ([GCC0006](#))
- 13 Traidcraft Exchange ([GCC0007](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2022–23

Number	Title	Reference
1st Report	UK trade negotiations: Scrutiny of Agreement with Australia	HC 444
2nd Report	UK trade negotiations: Agreement with Australia	HC 117
1st Special Report	UK trade negotiations: Scrutiny of Agreement with Australia and Agreement with Australia: Government Response to the Committee's First and Second Reports	HC 704
1st Joint Report	Developments in UK Strategic Export Controls	HC 282
3rd Report	UK trade negotiations: Agreement with New Zealand	HC 78
2nd Special Report	UK trade negotiations: Agreement with New Zealand: Government Response to the Committee's Third Report	HC 1033
4th Report	UK trade negotiations: Parliamentary scrutiny of free trade agreements	HC 815
3rd Special Report	UK trade negotiations: Parliamentary scrutiny of free trade agreements: Government Response to the Committee's Fourth Report	HC 1034
5th Report	UK trade negotiations: Agreement with India	HC 77
6th Report	UK trade negotiations: CPTPP accession	HC 13

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Number	Title	Reference
1st Report	Digital trade and data	HC 123
2nd Report	UK Export Finance	HC 126
3rd Report	Inward Foreign Direct Investment	HC 124
1st Special Report	UK trade remedies policy: Government Response to the Committee's Third Report of Session 2019–21	HC 269
2nd Special Report	UK Freeports: Government Response to the Committee's Fourth Report of Session 2019–21	HC 453

Number	Title	Reference
3rd Special Report	UK trade remedies policy: Trade Remedies Authority's Response to the Committee's Third Report of Session 2019–21	HC 707
4th Special Report	Digital trade and data: Government Response to the Committee's First Report	HC 831
5th Special Report	Inward Foreign Direct Investment: Government Response to the Committee's Third Report	HC 921
6th Special Report	UK Export Finance: Government Response to the Committee's Second Report	HC 965

Session 2019–21

Number	Title	Reference
1st Report	The COVID-19 pandemic and international trade	HC 286
2nd Report	UK-Japan Comprehensive Economic Partnership Agreement	HC 914
3rd Report	UK trade remedies policy	HC 701
4th Report	UK freeports	HC 258
1st Special Report	The COVID-19 pandemic and international trade: Government Response to the Committee's First Report of Session 2019–21	HC 815
2nd Special Report	UK-Japan Comprehensive Economic Partnership Agreement: Government Response to the Committee's Second Report of Session 2019–21	HC 1163