

Greener UK response to the International Trade Committee's trade and the environment inquiry

1. Greener UK is a coalition of 12 major environmental organisations which came together to ensure that environmental protections are maintained and enhanced during the Brexit process, particularly through ambitious domestic legislation. Now that we have left the EU, we are urging the UK and devolved governments to build on our high environmental standards and protections, including when negotiating trade agreements.

How well are the Government's free trade agenda and its environmental policies aligned? And is the Government ambitious enough in its approach?

2. How international trade is designed and conducted can have significant implications for the environment, from the quality of the products we import to the size of the UK's global environmental footprint. The UK has set out ambitious climate and environmental goals, including the net zero target and a target to halt species decline by 2030, and will be setting a number of other targets for air, water, biodiversity, and waste and resources in the Environment Act. The government's trade agenda is often at odds with these commitments.
3. The recently signed free trade agreement (FTA) with Australia sets a poor precedent for the suite of trade negotiations the UK government is pursuing. The deal gives Australian farmers preferential access to the UK's market via sizeable tariff free quotas without any environmental or animal welfare conditions attached. This will see UK farmers forced to compete with products produced to lower standards than in the UK and undermine UK farmers' efforts to decarbonise and enhance biodiversity.
4. In the government's negotiating objectives for the agreement, it stated: "We remain committed to upholding our high environmental, labour, food safety and animal welfare standards in our trade agreement with Australia."¹ However, Australia's agricultural system does not meet the environmental standards that are required from UK farmers. For example, Australian farming allows the use of 71 more highly hazardous substances than the UK, including neonicotinoids which harm pollinators. Australia also approves thousands more pesticide products than the UK (roughly 8,000 to the UK's 2,900).² Australia has the highest deforestation rate in the OECD, the rate of tree-cover loss rising by 34% in 2016-18, which was largely driven by livestock.³ Australia is also one of the most carbon-intensive OECD countries and one of the few where greenhouse gas emissions, excluding land use change and forestry, have risen in the past decade.⁴ While Australia finally announced a plan to achieve net zero by 2050 in the days before COP26, the measures on agriculture were considered weak – with experts suggesting that the plan's estimates for carbon storage and sequestration capacity were not possible.⁵ Australia has not increased its 2030 climate commitments.⁶
5. At present, the only standards that apply to all food sold in the UK, regardless of origin, are food safety standards. These protect humans, animals, and plants from harm to health. To prevent

¹ Department for International Trade, [UK-Australia Free Trade Agreement: the UK's Strategic Approach](#), July 2020

² PAN UK, Sustain and Dr Emily Lydgate, [Toxic Trade](#), June 2020

³ WWF, [Riskier Business: The UK's overseas land footprint](#), 2020

⁴ OECD, [Australia needs to intensify efforts to meet its 2030 emissions goal](#), 2019

⁵ The Guardian, [Australia's 2050 net zero emissions plan relies on 'gross manipulation' of data, experts say](#), 29 October 2021

⁶ The Guardian, [Five questions the Morrison government must answer now it has agreed to the Cop26 pact](#), 14 November 2021

the possibility of lower standard imports and avoid undermining the transition to greener forms of agriculture, the UK government should develop a set of core standards to include climate change, environment and animal welfare considerations. These would underpin the UK's trade deals and set minimum sustainability thresholds for all agri-food products imported as well as those produced domestically. This would ensure a level playing field for food producers in the UK and give the public confidence in the quality of food imported to the UK.⁷

6. The government must also publish a trade strategy that sets out how the UK's approach to trade negotiations joins up with its climate and environmental commitments. This would help reassure civil society and businesses that the UK's trade agenda takes into account other important domestic policy objectives. Fundamentally, the UK government should prioritise trade negotiations with countries that are showing international leadership through their climate and environmental commitments, are working to limit global warming to 1.5 degrees, and are keen to put implementation of the Paris Agreement at the centre of an FTA. For example, the UK-EU Trade and Cooperation Agreement includes the fight against climate change as an 'essential element' of the agreement. It specifies that 'materially defeating the object and purpose of the Paris Agreement' would constitute as a serious and substantial failure of the agreement which could lead to the suspension or termination of all or parts of the agreement.⁸

To what extent have the Department for International Trade and UK Export Finance changed their working practices in order to bring together the Government's environment and trade policies?

7. The UK government's Strategic Trade Advisory Group was initially established without an environment and climate representative.⁹ This was addressed when the second call for expressions of interest for membership was reopened for applications for an environment and climate seat in October 2020.¹⁰ The Department for International Trade (DIT) has also established a number of other stakeholder advisory groups but there have been ongoing concerns around the confidentiality agreements required to take part.¹¹ Whilst DIT has set up these forums, the UK-Australia deal has shown that concerns raised in these have not been meaningfully taken into account.

What might be the impacts of measures introduced by the UK's trading partners designed to reduce reliance on carbon-intensive fossil fuels – for example carbon border adjustment mechanisms – on UK trade? And what could a UK carbon border adjustment mechanism mean for its imports and exports?

8. UK manufacturers who are investing to decarbonise their production process should not be undercut by cheaper imports produced in countries where the standards are lower. Introducing a carbon border adjustment mechanism (CBAM) could help address carbon leakage but would need to be approached on a sector-by-sector basis and implemented as part of a wider package of measures to reduce reliance on fossil fuels. For example, subjecting imports of steel, aluminium or chemicals to a CBAM could motivate businesses both domestically and abroad to

⁷ [WWF briefing on the UK's role in building environmental standards for trade and agriculture](#), March 2021. For options for design of core standards, see [think piece by IEEP and TULIP](#), forming part of research project commissioned by WWF.

⁸ Greener UK, [Initial environmental analysis of the EU-UK Trade and Cooperation Agreement](#), December 2020

⁹ Written statement - HCWS1480, [Trade Advisory Groups](#), 3 April 2019

¹⁰ <https://www.gov.uk/government/publications/call-for-expressions-of-interest-in-membership-of-the-strategic-trade-advisory-group>

¹¹ Sky News, [Trade experts reject government gagging orders](#), 23 July 2020

invest in lower emissions production. However, subjecting agricultural imports to a CBAM would only serve to reduce greenhouse gas emissions linked to agricultural processes and would fail to address a number of other environmental impacts, such as water pollution, soil quality and biodiversity. A more holistic approach would be the development of core environmental standards.

9. The UK would need to carefully consider and mitigate impacts of a CBAM on developing countries. Mitigating measures could include exemptions or reductions (potentially time limited) for the least developed countries and help with the technical and administrative burden of introducing accounting practices for carbon in supply chains.
10. A CBAM should also be supported by other incentives to decarbonise domestically and abroad, which could include R&D support, support for capital spend for major investments, decarbonisation targets for specific sectors like steel, and creating a market for lower carbon products via procurement and product standards.

What are the benefits and costs of the UK's approach to environmental and climate change commitments in free trade negotiations to date? And to what extent might the inclusion of Investor-State Dispute Settlement clauses in free trade agreements affect the UK's climate change policies?

11. The UK's approach to environmental and climate change commitments in free trade negotiations is inconsistent which limits the benefits that can be gained. The Climate Change Committee in its last progress report to Parliament suggested that the "climate commitments within the UK-EU deal could be used more widely as a template for other trade deals agreed by the UK in the future" and recommended that DIT "should use trade policy to encourage increased ambition on both climate change mitigation and adaptation in other countries, including considering the role for border carbon adjustments and standards to prevent carbon leakage".¹²
12. In order to protect the government's right to regulate, FTAs must exclude provisions designed to protect investors such as the Investor State Dispute Settlement (ISDS) mechanisms. The inclusion of ISDS clauses in trade agreements could expose the UK to the risk of being sued by investors if the government were to introduce regulation, for instance, in pursuit of its net zero target. For example, coal mining company Westmoreland has launched an ISDS complaint against Canada for phasing out coal-fired power stations, electricity generation company RWE sued the Dutch government for its plans to phase out coal and the Italian government faces legal action from UK firm Rockhopper for banning offshore oil drilling.¹³ This risk could deter the UK from tightening regulation in future. We were pleased to see that the UK-Australia FTA did not include ISDS and it will be crucial for the UK to agree exemptions from ISDS provisions in any future accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Due to public concerns around ISDS mechanisms, New Zealand has signed side letters with five CPTPP member countries (Australia, Brunei, Malaysia, Peru and Vietnam) to restrict or limit the application of the ISDS provisions.

By what measures should the environmental impacts of new free trade agreements be assessed?

¹² Climate Change Committee, [Progress in reducing emissions: 2021 Report to Parliament](#), June 2021

¹³ Greener UK, [Greener UK briefing on the Comprehensive and Progressive Agreement for Trans-Pacific Partnership](#), 2021

13. To get a better understanding of the impacts to the environment, and how to mitigate them, UK trade policy should require conducting environmental impact assessments (EIAs) during the negotiating process. These assessments must inform the development of trade policy at all stages and should affect how trade agreements are agreed. EIAs should be conducted periodically once deals are ratified to determine any modifications to existing deals or implications for future deals.

How effective is the Government's engagement with international forums to ensure that there is a broad consensus among its trading partners on how to align trade with environmental issues?

14. At a multilateral level, the UK has an opportunity by virtue of its new status as an independent nation at the World Trade Organisation (WTO) to push for reforms to integrate international trade with climate and environmental policies. It is encouraging that the UK has signed all three ministerial statements which were put forward by the Trade and Environmental Sustainability Structured Discussions (TESSD), Informal Dialogue on Plastics Pollution and Sustainable Plastics Trade (IDP), and Fossil Fuel Subsidy Reform (FFSR) initiatives at the WTO in December 2021.¹⁴ However we note with concern that the fossil fuel subsidies statement only committed to phase out "inefficient" fossil fuel subsidies.¹⁵
15. As COP26 president, the UK must go above and beyond the WTO's initiatives and work to align trade and environmental issues in its wider international diplomacy and delivery of the Glasgow Climate Pact and other COP26 initiatives such as the Forest, Agriculture and Commodity Trade Dialogue. Work to build consensus on industrial decarbonisation undertaken as part of the UK's G7 presidency should be handed over properly to Germany as the next G7 chair.¹⁶

What can the UK learn from how other countries' experiences of aligning trade and environmental policies? How have other countries innovated in this area?

16. There are a limited number of examples of countries properly aligning trade and environmental policies, which presents an opportunity for the UK government to be world leading in setting out a trade strategy that reinforces its commitment to net zero and nature restoration. The government is rushing to advance multiple trade deals without having a coherent trade policy or strategy in place. Some of the UK's major trade partners – including the US, the EU and New Zealand – have published trade policies. This gives their negotiators a clear mandate, which strengthens their hand in negotiations, as it shows that their red lines are based on domestic support. It also ensures government cohesion on critical policy issues. The UK government must set out a trade strategy which elaborates how its approach to new trade agreements and the WTO join up with its climate and environmental commitments in order to avoid friction and maintain credibility on the international stage.¹⁷
17. Compared to countries like the US, EU and Japan, the UK Parliament's role in the negotiation and ratification of FTAs is considerably weaker. The US Congress and EU Parliament are able to shape negotiating mandates, have a legal right to be informed at all stages of negotiations, have access to classified negotiating texts, and must approve the final agreement for it to be ratified. Meanwhile in the UK, several parliamentary committees have declared the CRAG Act process, one of the few means through which Parliament can scrutinise trade treaties, unfit for purpose.

¹⁴ World Trade Organization, [New initiatives seek to put environment at heart of trade discussions](#), 15 December 2021

¹⁵ World Trade Organization, [Ministerial statement on fossil fuel subsidies](#), 14 December 2021

¹⁶ 2021 UK G7 Presidency, [Explanatory Presidency Document - G7 Industrial Decarbonisation Agenda](#), 7 June 2021

¹⁷ Anna Sands, [How can the UK be a credible trading nation without a trade policy](#), June 2021

The House of Lords Constitution Committee found that “reform is required to enable Parliament to conduct effective scrutiny of the government’s treaty actions”¹⁸ and the timetable under CRAG has been found by the House of Lords European Union Committee to be a “significant impediment, precluding meaningful consultation of stakeholders and limiting the opportunity for committee Members to engage in informed consideration and discussion”.¹⁹

18. The UK would benefit from embedding better and earlier opportunities for parliamentary scrutiny into its trade negotiations process so that parliamentarians can ensure new FTAs work towards the UK’s net zero commitment and high environmental standards. Public participation in policymaking relating to the environment is also enshrined in the United Nations Aarhus Convention, to which the UK is a signatory.²⁰ Under the convention, the public must have opportunities to be involved with policymaking that has environmental implications.
19. In establishing core environmental standards, the UK should look to the example of the US Marine Mammal Protection Act, which demonstrates how import restrictions aimed at protecting the environment can be designed in a WTO-compliant way. Under this Act, the US issued new regulations in 2016 to ensure that the seafood imported into the US is governed by marine mammal protections that are “comparable in effectiveness” to US standards. This is an example of regulations that hold imported products to the same environmental standards as domestic products accompanied by measures to support affected parties and nations. Crucially, these regulations fall within the WTO framework and do not hold foreign producers to higher standards than the US’s domestic producers.²¹

What opportunities are there for the Government to innovate to create more opportunities for “green” goods and services to export, to decarbonise and green supply chains?

20. Making environmental goods and services more affordable and accessible will play an important part in accelerating climate action. The UK government has shown leadership on this issue by liberalising 200 new environmental goods.²² Removing tariffs on environmental goods and services to support an equitable expansion of clean energy and low carbon products should be accompanied by measures to reduce non-tariff barriers and support technology transfer to ensure solutions can be adapted for local circumstances. As part of this work, the UK government should seek to join discussions on the Agreement on Climate Change, Trade and Sustainability, which aims to liberalise trade in environmental goods and services, eliminate fossil fuel subsidies and encourage eco-labelling.²³

To what extent is the UK’s trade policy keeping up with demands from consumers on issues such as sustainability, deforestation, eco-labelling and greener supply chains?

21. A Which? survey of UK adults in 2019 showed that “most people would feel uncomfortable eating food produced using methods that are allowed in some countries, but not currently in

¹⁸ House of Lords Constitution Committee, [Parliamentary Scrutiny of Treaties](#), 30 April 2019

¹⁹ House of Lords European Union Committee, [Scrutiny of international agreements: lessons learned](#), 27 June 2019

²⁰ UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) <https://www.unece.org/env/pp/treatytext.html>

²¹ Megan Waters, [WWF Briefing – The US MMPA model for building Core Environmental Standards into Trade Policy](#), March 2021

²² Emily Lydgate and Chloe Anthony, Trade Policy Observatory, [Can the UK Government be ‘World-Leading’ in both Trade and Climate Policy](#), September 2020

²³ <https://www.mfat.govt.nz/en/trade/free-trade-agreements/trade-and-climate/agreement-on-climate-change-trade-and-sustainability-accts-negotiations/>

the UK” and 93 per cent of consumers from the same survey “think it is important UK food standards are maintained after Brexit”.²⁴ In 2020, over one million people supported the NFU’s food standards petition in support of all food imports being produced to the same high standards as British farmers.²⁵ Instead the UK-Australia FTA will see UK farmers forced to compete with products produced to lower standards than in the UK and could lead to pressure for a reduction in domestic standards in the future.

²⁴ Which?, [Ensuring trade deals work for consumers](#), January 2020

²⁵ <https://www.nfuonline.com/archive?treeid=144340>