

International Trade Committee Written Evidence

Trade and the environment

Summary

1. Which? welcomes the Committee's inquiry into trade and the environment. Our in-depth consumer research has shown that consumers see environmental protection as a priority for trade negotiations and that it has increased in importance over the past twelve months as people have seen the impacts of climate change. People want to see the UK's trade deals align with our environmental and sustainability targets, but many are sceptical about how much this will be achieved in practice.
2. The government has made welcome commitments to promoting greener trade and included objectives relating to the environment and green growth within its negotiating objectives for specific trade deals. It has incorporated environmental provisions into recently agreed trade deals, with the provisions in the recently signed free trade agreement (FTA) with New Zealand being the most comprehensive. There is still, however, a need for the government to set out more clearly how it will ensure that its trade policy will support its net zero ambitions, as well as wider environmental considerations, as part of an overarching trade strategy. Environmental protection and tackling climate change must be a central pillar of all new trade deals, and the deals that the government signs must support the UK's transition to net zero.
3. The government must also conduct fuller environmental impact assessments to understand the implications of any trade deals on its net zero commitments, as well as other environmental impacts, before deals are finalised. All chapters across a trade deal must be carefully assessed from an environmental protection perspective in order to ensure that they will support the UK's ability to meet its net zero ambitions and its ability to develop the necessary policies and regulation in order to achieve this. They should not result in trade flows that will undermine or undercut national initiatives to drive sustainability goals - or undermine domestic shifts to more sustainable production and higher environmental standards.
4. The Australia free trade agreement (FTA) has highlighted how market access provisions, if not underpinned by strong UK environmental standards, could undermine the UK's transition to net zero in key sectors such as food production. We are, for example, concerned that opening up the UK market to Australian agri-food products produced to lower environmental standards, as well as welfare and wider food standards, could undermine the UK's shift to a more sustainable food system. The government needs to establish core food standards that will prevent this.
5. Provisions to enhance cooperation on environmental protection within trade deals are a positive outcome, but they need to deliver meaningful outcomes. The government should therefore report annually on progress that has been made through cooperation provisions within its FTAs.

Introduction

6. Which? welcomes the opportunity to submit evidence to the International Trade Committee's inquiry into trade and the environment. We know from our in-depth consumer research that consumers expect the government to prioritise environmental protection as part of trade negotiations.
7. In 2020, Which? conducted the 'National Trade Conversation' to understand in depth what mattered most to people about trade deals when they had a detailed understanding of the issues that could be part of the negotiations – including greater access to a range of goods and services. The Conversation took place in Northern England, the East Coast of Scotland, Northern Ireland, South Wales and Southern England. Over five virtual workshops, people from each location learned about what we trade, how trade deals are negotiated and what the key issues are for the government's priority trade deals.
8. After debate and questioning, four issues emerged as the overall priorities for most of the people who took part.
 - a. maintain health and safety standards for food and products;
 - b. maintain data security regulations that protect consumers' digital rights;
 - c. protect the environment; and
 - d. help address regional inequalities by protecting and promoting jobs, skills and industries across the UK.
9. At the end of 2021, Which? reconvened some participants from the NTC in a multi-day online research community to understand their views on the development of the government's approach since the first conversation, and to see if their priorities had shifted¹. This new research reinforced the importance of the four priorities. But one of the most striking findings of our online community was the proportion of people who felt even more strongly that the government needed to ensure trade deals supported efforts to tackle climate change.
10. Participants felt combating climate change had rapidly increased in importance. With the number of extreme weather events increasing over the previous twelve months, many felt urgent action was needed to protect the environment. Considering the impact on the environment of international trade was therefore viewed as a moral responsibility, especially when trading with partners a significant distance away from the UK. Participants wanted trade deals to help them minimise the environmental impacts of what they buy. They wanted to see the UK's trade deals align with our environmental and sustainability targets. Many wanted to see the UK become a world leader in areas such as emissions reduction, green energy and sustainable manufacturing, rather than the impact on the environment being considered as an afterthought.

'I think it's very important to protect the environment, more than I did last year for sure. This year we've witnessed many global catastrophes as a result of climate change, and the shocking scenes seen on our screens has really made me more conscious than ever as to what's happening.' Female, 55–54, South Wales

¹ <https://www.which.co.uk/policy/euexit/8502/consumer-priorities>

'It is a priority, even more so now we have left the EU and are trading less with our neighbours.' Female, 45–54, East Coast of Scotland

'If we don't have a functioning planet then none of the other things matter.' Male, 25-34, Southern England

11. Alongside this deliberative research, we also conducted a consumer survey in June 2021, representative of the UK population to find out people's views on how trade negotiations were progressing and what they considered to be most important². This also reinforced the importance of including environmental protections in trade deals. Eighty percent of survey respondents agreed that the UK government should promote trading in ways that reduces global carbon emissions which contribute to climate change, while 81% agreed that the UK government's trade policy should promote high environmental standards and the government should not sign deals that remove existing environmental protections.
12. The research also revealed that many people felt sceptical that the government would act on this issue. Only 5% of respondents were 'very confident' that the UK government will prioritise environmental protections as part of trade deals, with nearly a quarter (23%) saying they were 'not at all confident'.

The government's approach to date

13. It is essential that there is a joined-up approach between the government's climate change and wider environmental ambitions and its approach to trade. Many aspects included within trade deals besides specific environment chapters, from the market access provisions through to provisions on Technical Barriers to Trade will have implications for environmental protection.
14. The government has set out a number of objectives relating to the environment and green growth within its negotiating objectives for specific trade deals. It has also made a welcome statement in the Net Zero Strategy³ that it will *'seek to reaffirm our commitment to the Paris Agreement in all UK trade agreements and will ensure that they preserve our regulatory autonomy to pursue our climate targets including our Carbon Budgets, enhanced 2030 Nationally Determined Contribution (NDC) and 2050 net zero commitment.'* The Strategy also recognises that *'decisions on the liberalisation of partners' goods must account for their environmental and climate impact. Where there is evidence that liberalisation could lead to significant carbon leakage, the case for maintaining tariffs or pursuing conditional market access, through clauses on standards or eco/carbon intensity, should be carefully considered.'* More generally, the government has emphasised that it sees 'green trade' as a major opportunity for the UK.⁴
15. The extent to which the trade agreements reached to date will deliver on these commitments is still largely to be determined. The government's risk assessments show that in the short-term they could have a negative impact on emissions through

² Yonder, on behalf of Which?, surveyed 3,263 UK adults online between 23rd and 24th June 2021. Data was weighted to be representative of the UK population by age, gender, region, social grade, tenure and work status. We boosted the number of respondents from the devolved nations to ensure we had a large (500+) sample for each.

³ Net Zero Strategy: Build Back Greener, HM Government, October 2021

⁴ Green Trade, UK Board of Trade, July 2021.

the impact they have on trading patterns. The government has secured specific environmental chapters that promote cooperation and longer-term ambitions on a range of issues with the scope varying according to the trading partner, but the outcome of these in terms of making meaningful progress is difficult to assess.

Japan

16. Trade and sustainable development is covered in chapter 16 of the UK-Japan Comprehensive Economic Partnership Agreement (CEPA). This places an emphasis on cooperation and recognises each other's right to regulate and adopt their own levels of environmental protection – and states that each party should strive to ensure high levels of protection. Both parties commit that they will not encourage trade or investment by relaxing or lowering their respective levels of environmental protection – but won't use such measures as a disguised restriction on trade.
17. The deal also stresses the importance of multilateral environmental agreements and each party agrees to strive to facilitate trade and investment in goods and services of particular relevance to climate change mitigation. It emphasises biodiversity and says that each party will encourage the use of products which are obtained through sustainable use of natural resources. More generally, the parties recognise the importance of 'reviewing, monitoring and assessing, jointly or individually, the impact of the implementation of this agreement on sustainable development through their respective processes and institutions, as well as those set up under this agreement.' A Committee on trade and sustainable development has been established under the agreement.
18. The impact assessment presented to Parliament concluded that the agreement was not expected to have significant impacts on greenhouse gas emissions (GHG), energy usage, trade-related transport emissions and wider environmental impacts such as air quality, biodiversity and water use or quality. It estimated that it would increase domestic GHG emissions marginally, dependent on the measures the government implements to achieve net zero by 2050.

Australia

19. The government's impact assessment indicates that while overall greenhouse gas emissions associated with UK-based production are estimated to be largely unchanged from the agreement with Australia, it is expected to lead to an increase in transport related emissions as a result of the increase in trade with Australia. The estimates suggest a 31-40% increase in transport emissions. The assessment stresses that these estimates do not account for the future decarbonisation of international shipping – and that the agreement preserves the UK's right to regulate to meet its climate commitments. The Department for International Trade's impact assessment also considers carbon leakage, as a result of higher levels of trade in sectors where climate change mitigation policies are less stringent in Australia than in the UK. It sees the main risk relating to beef production – although stresses that climate mitigation policies are unlikely to remain constant.
20. The specific environment chapter includes commitments to cooperate and recognises the importance of mutually supportive trade and environmental policies, including each party's right to establish its own levels of domestic environmental protection. The UK and Australia also agree to cooperate in a number of areas including on

emission reduction opportunities, cost-effective low and zero emissions technologies, energy efficiency, climate change adaptation and resilience.

21. Positively, the Parties also recognise the importance of a transition to a circular economy – and the role that trade in second hand goods, end of life products, secondary materials, processed waste and trade in related services can play. They recognise the importance of eco design and also recognise the importance of encouraging environmental labelling, including eco labelling.
22. An Environment Working Group will be established. It is important that this operates transparently and that there are regular updates provided on how discussions are developing and the extent to which they are delivering meaningful outcomes. The Chapter emphasises the importance of public consultation and so it is also important that mechanisms are established to ensure that this is conducted in a meaningful way.
23. The Australia FTA is a good example of how provisions in other parts of the agreement can have important implications for the environment. Agri-food products were an important part of the negotiations and as a result Australian producers will have much greater access to the UK market over time, including for beef and lamb. While provisions are included within the deal that enable the UK to maintain current food standards under the sanitary and phytosanitary measures (SPS) chapter, the deal will allow imports from Australia that are produced to its lower environmental and welfare standards. We also have concerns that the food safety standards could also be weakened longer-term as a result of follow up negotiations on determination of equivalence of standards. These provisions set a worrying precedent for other trade deals, as they risk undermining the UK's efforts to shift to a healthier and more sustainable food system, as Henry Dimbleby made clear in his National Food Strategy for the UK government.
24. We therefore strongly support the recommendation that Henry Dimbleby, the Trade and Agriculture Commission and the Committee on Climate Change have made that the government should establish a set of core standards covering environmental protection and animal welfare, alongside food safety standards, which should be the basis for any trade agreements.
25. Our June 2021 survey found strong support for maintaining the same high standards for food imports as domestic production. 91% of survey respondents agreed that the government should make sure that when agreeing trade deals, the same food safety standards should apply to food imported from other countries as well as food produced in the UK. 87% agreed with the same sentiment when thinking about animal welfare, and 84% agreed when thinking about environmental protection.

New Zealand

26. The FTA with New Zealand is the most recently signed agreement and includes the most comprehensive environment chapter (chapter 22). As with other agreements, it includes general commitments to cooperate and preserves New Zealand's and the UK's rights to regulate to meet their respective climate action targets and wider environmental objectives.

27. The two countries also affirm their commitments to tackling climate change and strengthening the global response. They commit to promoting trade and investment in environmental goods and services which support the transition to a low carbon economy and co-operation on carbon markets and pricing, including provisions on tariff elimination when the agreement comes into effect for specified environmentally beneficial products.
28. The FTA also sets out a number of specific areas where the two countries will cooperate in this respect, including for example energy efficient products and services, clean transport including uptake of electric vehicles and sustainable financial services. The deal also includes commitments on environmentally harmful subsidies, clean energy and sustainable trade to help transition away from fossil fuels,. The chapter also includes a specific article on sustainable agriculture and states that each party shall take measures to, and promote efforts to reduce greenhouse gas emissions from agricultural production and promote sustainable agriculture and associated trade.
29. The impact assessment of the agreement indicates that overall greenhouse gas emissions associated with UK-based production are not estimated to change from the agreement, but that there will be some increase in transport-related emissions associated with increased trade flows. The risk assessment states that the risk of carbon leakage, where greater market access leads to a shift to products produced in ways that are more greenhouse gas intensive, is considered to be limited.
30. As with the Australia trade deal the provisions across the entire deal also need to be taken into account when assessing what the deal will mean for environmental protection in practice. This includes what it means for the balance of imports and how they are produced which will again be an important issue for agri-food trade.

Other trade deals

31. The relative priority of environmental provisions within the other trade deals the government has prioritised is likely to vary greatly depending on the other party. The UK government has consulted, for example, on going beyond the continuity agreement that has so far been agreed with Canada. But this may be more difficult with the Gulf Cooperation Council and countries such as India given different policy contexts and priorities.
32. Chapter 20 of the Comprehensive and Progressive Trans Pacific Partnership, which the UK is seeking accession to, focuses on the environment and includes commitments to promote mutually supportive trade and environmental policies, high levels of environmental protection and effective enforcement of environmental laws. It also recognises that multilateral environmental agreements play an important role – but again has limited proactive commitments.
33. The implications of the other chapters, including access for goods and services and TBT provisions, will again be crucial in determining how the UK can regulate (for example, in areas such as ecodesign regulations and other relevant standards) and what the deal will mean in terms of actual trade flows.

Future trade policy and negotiations

34. The UK government must build on its leadership of COP26 and the G7 over the past year and be a global leader in promoting trade that supports its climate and wider ambitions. There is still a need for the government to set out more clearly how it will ensure that its trade policy will support its net zero ambitions, as well as wider environmental considerations, as part of an overarching trade strategy. Environmental protection and tackling climate change must be a central pillar of all new trade deals, and the deals that the government signs must support the UK's transition to net zero.
35. The government must also conduct fuller environmental impact assessments to understand the implications of any trade deals on its net zero commitments, as well as other environmental impacts before deals are finalised. All chapters across a trade deal must be carefully assessed from an environmental protection perspective in order to ensure that they will support the UK's ability to meet its net zero ambitions. This includes, for example, ensuring that climate friendly regulations will not be obstructed and linking tariff reductions to environmental commitments. They should also not result in trade flows or undercut national policy or regulatory initiatives to drive sustainability goals - or undermine domestic shifts to more sustainable production and higher environmental standards.
36. Provisions to enhance cooperation on environmental protection within trade deals are a positive outcome but they need to deliver meaningful outcomes. The government should therefore report annually on progress that has been made through cooperation provisions within its FTAs.

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Which? is the UK's consumer champion. As an organisation we're not for profit - a powerful force for good, here to make life simpler, fairer and safer for everyone. We're the independent consumer voice that provides impartial advice, investigates, holds businesses to account and works with policymakers to make change happen. We fund our work mainly through member subscriptions, we're not influenced by third parties and we buy all the products that we test.