

International Trade Committee Written Evidence

UK trade negotiations: Agreement with New Zealand

Summary

1. Which? welcomes the opportunity to submit evidence to the International Trade Committee (ITC) on the UK-New Zealand free trade agreement (FTA). This is a comprehensive and ambitious trade deal which should bring benefits in terms of increased trade in goods and services as well as stronger cooperation in key areas such as consumer and environmental protection.
2. We particularly welcome that this is the first of the UK's new FTA's to include a stand alone consumer protection chapter. This reinforces the important impacts that trade deals can have for consumers and sets out some important commitments in relation to consumer protection and opportunities for cooperation on cross-border trade, including supporting effective redress.
3. The agreement also liberalises tariffs on UK imports from New Zealand which the government's impact assessment indicates will mean greater consumer choice of New Zealand products and products potentially at lower prices, such as kiwi fruit or wine. This however assumes that tariff reductions feed through into consumer prices against the current backdrop of wider supply chain considerations.
4. These tariff reductions, while accompanied with tariff rate quotas and safeguarding measures for sensitive products, such as agri-food products, will have implications for UK producers and their ability to compete which may in turn have consequences for consumers who wish to support UK producers.
5. Our consumer research shows that food and product safety standards are a key priority for consumers. It is important that the market access provisions are accompanied by UK core standards to ensure that agri-food product imports, such as meat and dairy products are not produced to lower environmental or welfare standards and therefore affect the UK's ability to transition to a more sustainable food system.
6. The environmental chapter within the trade deal makes some ambitious and positive commitments, which need to be followed through, including for cooperation in key areas such as trade in environmental goods and services, supporting the transition to a circular economy and sustainable agriculture. This needs to deliver meaningful outcomes and must not be undermined by other provisions within the FTA. The Department for International Trade (DIT) impact assessment for example highlights how there will be some increase in transport-related emissions associated with increased trade with New Zealand, while overall greenhouse gas emissions associated with UK-based production are not expected to change.

Introduction

7. Which? welcomes the opportunity to submit evidence to the International Trade Committee's Inquiry into the UK-New Zealand free trade agreement (FTA). Our evidence focuses on the implications of the FTA for consumers, including the commitments in the stand alone consumer protection chapter and other relevant chapters.
8. It is vital that the UK's trade negotiations deliver meaningful benefits for consumers. People will ultimately judge their success by the extent to which they deliver for people in their everyday lives. Our research, however, shows that many people feel that they are not provided with enough information about trade negotiations and have concerns that consumer interests will not be given enough prominence, relative to other interests.
9. In 2020 Which? conducted the 'National Trade Conversation' (NTC) – a series of public dialogues around the UK, with people from a wide range of backgrounds, to understand in greater 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 services¹. The Conversation took place in Northern England, the East Coast of Scotland, Northern Ireland, South Wales and Southern England. Over five virtual workshops people learned about what we trade, how trade deals are negotiated and what the key issues are for the government's priority trade deals.
10. Four issues emerged as the overall priorities for most of the people who took part. These were far more complex than the references made to greater choice and lower prices that are emphasised in the consumer assessment within the government's impact assessment:
 - a. Maintain health and safety standards for food and products
 - b. Maintain data security regulations that protect consumers' digital rights
 - c. Protect the environment
 - d. Help address regional inequalities by protecting and promoting jobs, skills and industries across the UK.
11. Four core principles also underpinned the way that people explained what mattered most to them:
 - a. Fairness and trade for good
 - b. Longevity – deals that are future-proofed
 - c. Deals should represent the whole of the UK
 - d. Transparency in trade negotiations.
12. A year on from our NTC, 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 shifted². Which? also supplemented this deliberative research with a survey of more than 2,000 consumers in June 2021 that was representative of the UK population, to find out people's views on how trade negotiations were progressing and what they considered to be most important. This new research reinforced the importance of the four priorities and in the case of environmental protection, showed that people felt even more strongly that the government needed to ensure trade deals supported efforts to tackle climate change.

¹ <https://www.which.co.uk/policy/euexit/6731/nationaltradeconversation>

² <https://www.which.co.uk/policy/euexit/8502/consumer-priorities>

13. Our evidence draws on the priorities set out above in assessing how consumer interests are addressed across the FTA.

Consumer protection chapter

14. The FTA includes an explicit consumer protection chapter, which is a world first. We think that this sends a very important signal about the importance of trade deals for consumers and the protections that they can expect.
15. The chapter establishes important principles for consumer protection, including the importance of maintaining measures against fraudulent, deceptive, misleading or unfair commercial activities. It emphasises the importance of being transparent about protections and emphasises that online consumer protections should provide a level of consumer protection that is not less than that provided under law to consumers engaged in other forms of commerce. It also recognises the importance of consumer redress in cross-border transactions and commits to identifying obstacles and considering appropriate measures to enhance consumers' ability to seek, and suppliers to facilitate, effective and timely redress.
16. The chapter also commits the Parties to cooperating on matters of mutual interest relating to consumer protection, including enforcement and online consumer protection. We hope that this can be built upon and lead to some concrete joint actions and proposals - for example, ensuring that consumers are more effectively protected when shopping cross-border from online marketplaces. The importance of cooperation and coordination internationally is also emphasised.
17. Which? has called for an explicit consumer chapter to be included within all UK trade deals so we hope that this can now establish a precedent for other negotiations so that this is a standard part of all new UK deals.
18. The UK should also build on the approach it has achieved within the UK-New Zealand FTA and incorporate a broader set of guiding principles for promotion of consumer rights and protections across the entire deal within the chapter. These would work to reinforce provisions within specific chapters that have implications for consumers, including health protection, technical regulation, competition policy and sustainable development.
19. A Which? survey of the general population, conducted in June last year³, found strong support for a consumer chapter, with eight in 10 (81%) of respondents agreeing there should be a specific section within trade deals supporting consumer interests.

Recognition of consumer interests in other chapters

³ 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.

20. Our assessment of how the FTA deals with consumer interests more generally draws on the consumer priorities that emerged from our research, described above.
21. The government, in its impact assessment, has looked at the consumer impact in terms of increased consumer choice and lower prices for imported products. The tariff reductions are estimated to be greatest for alcoholic drinks, subject to the rate of 'pass through' from businesses to consumer prices. Food and non-alcoholic drinks are estimated to have the next biggest reductions.

Food and product standards

22. Our research has highlighted that maintaining food and product safety standards is a key priority for consumers. People taking part in the NTC expected the UK to maintain food and product safety standards and most would be concerned if the UK allowed imports produced to lower standards. Our survey also found that 91% of people thought that the same standards relating to safety and health should be applied to imports as to food produced in the UK – and 87% and 84% respectively in relation to standards for animal welfare and environmental protection.
23. People recognised that price was an important consideration for many consumers, heightened by the pandemic and by food price inflation since we conducted our research. But they felt strongly that the longer-term impact of reducing standards, on health for example, also needed to be taken into account and those on the lowest incomes, who would also have to buy based on price, needed to be protected.
24. The government has made welcome commitments that the FTA will not lead to any lowering of UK standards. It also includes commitment to cooperation on some key areas such as antimicrobial resistance and animal welfare. We still think that the implications of the deal, as well as how it will be implemented needs particular scrutiny in relation to:
 - a. The emphasis on international standards within the Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) chapters as international standards generally provide a baseline, but can be lower than UK standards.
 - b. The emphasis on recognition of equivalence of standards in both the SPS and TBT chapters and conformity assessment within the TBT chapter. The process for how this will be determined as the FTA is implemented will be crucial, including ensuring a transparent process that recognises consumer interests and ensures that there is the necessary technical expertise (eg the Food Standards Agency and Food Standards Scotland for food standards).
 - c. Any consequences of the market access provisions for the environmental and animal welfare standards of imported products and what this means for UK producers. As set out in previous evidence on the UK-Australia FTA, it is essential that the UK establishes core standards for imports that will apply across all trade deals and ensure that the UK's shift to a more sustainable food system is not undermined.

Data protection and digital rights

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25. Our consumer research found that people were positive about the opportunities enhanced digital trade could provide, but expected the government to ensure that any opening up of data flows was underpinned by effective data protection and that measures included within trade deals did not undermine the UK's approach to regulation of online harms and digital rights.
26. The digital trade chapter includes some positive provisions that will make cross-border transactions easier for consumers, including use of electronic contracts, provisions to tackle unsolicited commercial electronic messages or spam and cooperation on cybersecurity.
27. Opening up data flows can bring benefits for consumers provided that this is supported by effective data protection. As we have highlighted in our previous evidence, UK consumers expect their personal data to be protected to the same high standard of personal data protection they experience domestically under UK GDPR when it is transferred internationally to trading partners and then potentially on to other jurisdictions. We welcome the emphasis within the chapter on personal information protection, but once again have concerns about reference made to 'principles and guidelines of international bodies' in the development of legal frameworks. Rules that do not offer a prescriptive strong level of data protection are not compatible with UK GDPR as they do not offer consumers an equivalent level of protection as UK law, and therefore require additional safeguards when personal data is transferred into jurisdictions governed by them.
28. We welcome the provision within chapter 12 on telecommunications that "The Parties shall endeavour to cooperate on promoting transparent and reasonable rates for international mobile roaming services that can help promote the growth of trade between the Parties and enhance consumer welfare". This would be a tangible consumer benefit and so we hope that this can be taken forward into more concrete commitments.

Environmental protection

29. Our consumer research has highlighted that environmental protection has become an even greater priority for consumers over the past year and they expect the government to be ensuring that trade deals support this.
30. The scope of the chapter within the FTA is therefore positive as this affirms each Parties' commitment to multilateral environmental agreements. It also preserves the right to establish each Parties' own environmental priorities and levels of environmental protection and right to regulate accordingly. It states that it is inappropriate to encourage trade or investment by weakening or reducing the protection set out in respective environmental laws. The agreement emphasises the importance of facilitating trade and investment in environmental goods and services. This includes cooperation on a range of important areas, including energy efficient products and services, clean heat and clean transport including uptake of electric vehicles.
31. The chapter also recognises the importance of sustainable agriculture and commits the Parties to take measures to, and promote efforts to, reduce greenhouse gas emissions from agricultural production and promote sustainable agriculture and associated trade.

32. The role that trade can play in the transition to a circular economy and greater resource efficiency is also highlighted. Several important measures that will support consumers are included, such as encouraging resource efficient product design, including 'the designing of products to be easier to reuse, dismantle or recycle at end of life and encouraging environmental labelling, including eco labelling.
33. It is important that these commitments deliver tangible outcomes and that there is regular reporting on what is achieved. We therefore welcome the commitment that each Party "shall promote public participation in the development and implementation of cooperative activities, as appropriate, and make publicly available information related to cooperative activities developed under this Chapter".
34. It is also important that the provisions throughout the FTA support the aspirations within the environment chapter. The DIT's impact assessment for example highlights how there will be some increase in transport-related emissions associated with increased trade with New Zealand, while overall greenhouse gas emissions associated with UK-based production are not expected to change.

Regional equity

35. The fourth main priority that emerged from the Which? NTC dialogues related to ensuring that trade deals deliver for people across all parts of the UK. The priorities set out above were consistent across all of the dialogues that we held.
36. The government's impact assessment indicates that the FTA will provide opportunities for businesses and consumers across the UK. The West Midlands and North East of England are seen as set to expand the most in relative terms as a result of increased output.
37. Given the importance of this issue, we strongly recommend that further focus is given to understanding the potential impact on consumers across the nations and regions, and that for future agreements this is addressed by more detailed analysis of different consumer interests, as we have described above.

Communication and engagement around the FTA

38. The Which? survey conducted in June last year found that most people did not know the current status of trade negotiations between the UK and a variety of countries - and the majority of survey respondents (67%) felt that the UK government currently provides 'too little' information about new trade deals it is negotiating.
39. People thought that it was important that consumer interests were represented in discussions about the government's approach to trade deals: 83% of respondents felt it was important that consumer groups are included when discussing UK trade policy. Over half of respondents (57%) thought consumer groups would be invited to take part in expert discussions to provide input on the UK's trade negotiations and trade strategy.
40. Which? has welcomed the opportunity to represent consumer interests on the DIT Strategic Trade Advisory Group (STAG), Civil Society Roundtable and Technical Barriers to Trade thematic working group. However, despite efforts by the DIT to increase its engagement and provide updates at key stages of the New Zealand negotiations on a confidential basis, there was limited engagement on the detailed aspects of the

negotiations and developing text. This is something that the government could improve on in its negotiations more generally.

41. There would also be great benefit in improving consumer engagement throughout the negotiations, building on the types of deliberative dialogues that Which? has conducted, so that the government can hear and respond to people's priorities around the country.

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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.