Written evidence submitted by Traidcraft Exchange to the Environment, Food and Rural Affairs Select Committee’s inquiry into ‘Brand Britain’

Summary of key recommendations:

- The UK should not negotiate away high standards of food production
- UK food exports should not undermine sustainable international development
- Post-Brexit trade negotiations should be transparent and subject to full democratic scrutiny

Introduction to Traidcraft Exchange

1. Traidcraft Exchange is a UK charity (number 1048752) which provides support to small enterprises and farmers groups in East Africa and South Asia. Our policy team conducts research and lobbies on trade and investment policy and corporate accountability issues.

   Given that our expertise lies in trade and international development, we have focused on numbers two, three and four of the ten issues on which the Committee has sought responses.

Issue 2: Whether British food and drink has an identifiable ‘brand’ overseas

2. In February 2018 Michael Gove clearly articulated the reputation of UK food and drink overseas, and correctly identified the major threat to that brand:

   “We shouldn’t be afraid to say that we produce the world’s best food - our beef and lamb, cheese and milk, cod and salmon, soft fruit and salad vegetables - are recognised globally as the gold standard in fresh produce. One of the reasons why our exports are growing so fast.

   And that’s precisely why we should not and will not lower environmental or animal welfare standards as part of any new trade deals. We should no more lower our standards than the best brands in any market would lower theirs. Indeed, together, we should aim higher.”

3. This is consistent with the EFRA Committee’s own findings that:

   “The UK has an international reputation for high animal welfare, environmental and food standards. These must not be sacrificed on the altar of cheap imports. Doing so could undermine the premium British brand and might affect our ability to negotiate trade deals with other countries”

4. We agree that the best way that the UK government can support the promotion of ‘brand UK’ is by maintaining the UK’s standards of food safety, animal welfare and environmental protection.

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1 https://www.gov.uk/government/speeches/a-brighter-future-for-farming
5. The argument has been made that lowering the standards that the UK requires of imported agricultural produce would benefit exporters in developing countries by making it cheaper for them to produce goods for the UK market.

6. This is not necessarily the case. A business in a developing country selling agricultural produce to the EU28 only needs to meet one set of standards. For the UK post-Brexit to diverge from EU standards would create unnecessary non-tariff barriers, and expense, for this group of exporters. Furthermore, such a move might contribute to a ‘race to the bottom’ on standards that could compromise food safety.

7. If UK policy-makers are concerned that maintaining our current food standards will limit opportunities for growth for exporters in developing countries, then we strongly recommend that the UK remedies this situation by offering technical advice to these exporters – supporting them to meet the required standards – rather than by compromising on those standards. An additional approach could be for the UK to support foreign farming and manufacturing organisations to be more involved in global negotiations around standard setting.

**Issue 3: What opportunities and challenges exist in promoting and marketing British products abroad**

8. The UK government is supporting food and drink exporters to sell in greater volumes and to new markets through initiatives such as the Great British Food Unit and the Britain is Great campaign. This new customer base will include buyers in developing countries. Trading with developing countries has the potential to lift people out of poverty. However, it also has the potential to entrench economic inequalities, which the UK government should take steps to mitigate.

9. The key risk as far as agricultural trade is concerned is that cheap UK exports could undercut domestic production and undermine the economic development of poorer countries. This would clash with the aims of the UK’s aid programme.

10. UK farmers may choose to export produce at low prices, either when they have a surplus that cannot be sold domestically, or when they have a product with no domestic market (such as poultry necks or feet). Selling this produce overseas at low prices can mean that local farmers are not able to compete and are forced out of business. In poorer countries this can damage the development of the domestic agricultural sector, meaning lost livelihoods and food insecurity. This risk is acute given that future Free Trade Agreements (FTAs) will liberalise trade and open economies to imports and competition.

11. This has been seen in multiple situations. For example, in the mid-2000s EU farmers exported surplus tomatoes to countries such as Ghana. Oxfam estimated that 65% of the price of European tomatoes was being subsidized by the EU, allowing European exports to undercut the Ghanaian tomato sector and leading to widespread bankruptcies amongst Ghanaian farmers. In another example, the former US President Bill Clinton has publicly apologized for his role in forcing Haiti to lower tariffs on rice, meaning that the Caribbean nation bought cheaper

American rice and became food insecure: reliant on food imports and far more vulnerable to global food price fluctuations.\(^4\)

12. If, as seems likely, there is a significant change in the terms of trade between the UK and the EU27, there is a much greater chance that the UK will be seeking new markets for surplus agricultural produce that is currently sold in the EU. Therefore, it is critical that the risk of UK exports undermining developing country economies is understood and mitigated.

13. It is not just direct trade between the UK and developing countries that risks undermining their economic development. Future FTAs that the UK might negotiate with developed countries could have significant implications for developing countries. For example, it is likely that a UK-Australia FTA would lower tariffs for Australian beef exporters to the UK and would provide significant competition for beef exporters in countries such as Namibia, potentially pushing them out of business. The same concerns apply to a potential UK-Brazil FTA, which if it lowered tariffs for Brazilian sugar exporters could do huge damage to the exports of small-scale sugar producers in the Caribbean that currently sell to the UK market.

14. A trading relationship with the world that supports sustainable development is in the UK’s best interests for a number of reasons.

Firstly, the UK has made a strong and public commitment to the achievement of the Sustainable Development Goals. These include ambitious aims such as eradicating poverty and hunger, as well as those specifically relating to trade relationships.\(^5\) For the UK to make meaningful progress against these goals will require a truly cross-government effort.

Secondly, the UK is a world leader in committing 0.7% of GNI to Overseas Development Assistance spending. To maximise the impact of this spending the UK government must ensure that other elements of government policy do not undermine the cause of international development. If executed responsibly, our trade relationships are a significant way that the UK can help to realise sustainable global economic development in which the benefits are shared across society.

Thirdly, it is in the UK’s long-term interests to have economically vibrant trading partners that trust the UK and have both the capital to purchase our goods and the capacity to produce goods domestically that will provide choice and value to the UK consumer.

15. To negate the risk that trade in agricultural goods might undermine economic development in poorer countries, our recommendation is that future trade arrangements are subjected to


\(^5\) SDG 17.12 is ‘Realize timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries, consistent with World Trade Organization decisions, including by ensuring that preferential rules of origin applicable to imports from least developed countries are transparent and simple, and contribute to facilitating market access’
rigorous impact assessments and negotiated and signed only following a thorough democratic process.

16. Impact assessments must take into account the views of a wide range of stakeholders and be conducted in such a timeframe that it can meaningfully contribute to debate. Subsequent scrutiny and approval from both Houses of Parliament should give due regard to the findings of any assessment. This approach would ensure that relevant voices are able to be heard, improving UK trade policy and balancing the competing demands of various interest groups by ensuring that influence is not concentrated in the hands of a few powerful lobby groups.

17. Furthermore, after leaving the European Union, the UK will have its own seat the World Trade Organisation. It should use this to advocate for the introduction of the mooted Special Safeguard Mechanism (SSM), a means through which the WTO could allow developing countries to suspend imports of agricultural products which flood their domestic market or lead to a fall in prices.6

**Issue 4: The support given by the UK Government to trade bodies and companies to break into overseas markets**

18. If the UK government chooses to use public money to support businesses to export to new international markets, it should give due consideration to the risks detailed above and communicate to civil society organisations and developing country governments the steps that it is taking to ensure that export support is not enabling UK exporters to undercut domestic production in developing countries.

19. It should also ensure that public money is only directed to businesses or business associations that are able to demonstrate a strong commitment to upholding human rights in their supply chains. For example, companies in receipt of UK public support should have published a Transparency in Supply Chains statement as required by the Modern Slavery Act 2015: this is a legal requirement and non-compliant companies must not be rewarded with government support. Companies should also be conducting Human Rights Due Diligence in line with the UN Guiding Principles on Business and Human Rights.7 This is the minimum that the UK should do to ensure that laggard UK companies do not undermine ‘brand Britain’ in their overseas operations.

20. Furthermore, the government should also take into consideration the fact that in December 2015 the World Trade Organization’s Nairobi Decision on Export Competition banned the practice of national governments subsidising agricultural exports.8 Therefore, any agricultural subsidy aimed at supporting exporting is not permitted.

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6 [https://www.wto.org/english/tratop_e/agric_e/guide_agric_safeg_e.htm](https://www.wto.org/english/tratop_e/agric_e/guide_agric_safeg_e.htm)
8 [https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm#exportcomp](https://www.wto.org/english/thewto_e/minist_e/mc10_e/briefing_notes_e/brief_agriculture_e.htm#exportcomp)
petition. The ban applies to all agricultural produce, although for developing countries with scheduled export subsidies for processed products, dairy products and swine meat the ban will apply to those subsidies at the end of 2020