A Fair and Global Britain: How the UK’s post-Brexit Free Trade Agreements can support development

Summary
The UK is prioritising the negotiation of Free Trade Agreements (FTAs) with richer nations as the central feature of its post-Brexit trade policy.

This paper provides a non-exhaustive list of ways that the UK’s FTAs should be designed to support its vital international commitments to tackling global poverty and climate change.

The crucial first step is to introduce a transparent and democratic process for negotiating and agreeing trade deals that invites input from parliamentarians and civil society, supported by independent impact assessments.

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Introduction: the risks and opportunities of a free-trading nation

The United Kingdom, having left the European Union in January 2020, is in sole charge of its own trading arrangements for the first time in more than 40 years. This offers Boris Johnson’s government an opportunity to design a fresh approach to global trade, one that creates economic opportunity while supporting the UK’s international commitments to tackle global poverty and climate change.

Done fairly, international trade can be a vehicle for spreading wealth, creating international solidarity, and realising mutual benefit. However, modern trade agreements are typically focused on one thing: increasing the volume and value of trade. They do this by removing barriers to trade such as tariffs, meaning that goods and services can flow more freely between countries.
At present, the UK government’s number one priority is striking Free Trade Agreements (FTAs) with rich trading partners such as the EU and the USA. This paper does not focus on the FTAs that the UK might seek to strike with poorer countries, since this seems to be a secondary consideration for UK trade policy at present.

It is likely that these new FTAs, if they come to pass, will lead to a small increase in trade between the UK and its trading partners. However, it is equally possible that new trade agreements, agreed in a rush without adequate scrutiny or transparency, will undermine the UK’s efforts to achieve the UN Sustainable Development Goals and the Paris Climate Agreement.

Instead of focusing energies on bilateral free trade agreements, which are typically of little economic benefit anyway, the UK should seek to participate fully in the global multilateral trading system, supporting the reform of the World Trade Organisation to become a body that acts in accordance with international commitments on poverty and the climate. This is unlikely to be the UK’s approach, the promise of new trade deals having dominated the narrative around Britain’s role in the world post-Brexit.

Despite the likely dominance of FTAs in UK trade policy, there are opportunities for a more progressive approach. The Conservative Party’s 2019 manifesto commits that “our trade deals will not only be free but fair—in particular towards the developing nations whose economies could be transformed by access to the UK’s markets and expertise.” This is a welcome commitment, and to achieve it will require the UK government to understand that trade deals with richer countries have an impact on trade with poorer countries, and to design deals that support development. Equally, new trade deals should be designed to strengthen commitments to climate action.

This paper presents proposals that would ensure that the UK’s post-Brexit FTAs are driven by more than just the goal of ever-increasing trade and serve to establish the UK as a responsible global citizen.

**A note on terms:** this paper refers to ‘richer’ and ‘poorer’ countries. Richer countries should be taken to mean the countries with which UK is currently prioritising trade deals: USA, EU, Australia and New Zealand. Poorer countries is used as an umbrella term to refer to less economically developed countries which may currently qualify for trade preferences on objective development criteria, and which are likely to be disproportionately affected by climate change.

### 1. A transparent and democratic process

The United Kingdom should negotiate trade deals based upon a transparent and democratic process.

Before making recommendations for the specific features that might be included in trade agreements, it is necessary to focus on how those agreements are negotiated.

Agreements are far more likely to make a positive difference to poverty and the climate if, in the process of negotiating and signing trade agreements, the government seeks input from a wide range of stakeholders, who scrutinise proposals based on high quality impact assessments.

The current process for negotiating and approving a trade deal does not allow for a meaningful national conversation. There is no requirement to consult parliament during negotiations; the only obligation on government is to lay a final deal before parliament for 21 days. There is no guarantee of a debate or a vote, and no scope for MPs to propose amendments. Opportunities for input from the public and civil society are extremely limited.
An inclusive discussion about how and why we trade with the world is urgently needed. This is the underpinning of good international trade policy, a coherent national approach, with broad support, would allow for the UK to come to the negotiating table with clear objectives and would project confidence to prospective trading partners. To facilitate this discussion, the Trade Bill that is currently going through parliament should ensure that negotiations are transparent and should provide for the involvement of parliament and civil society.

- **Transparency:** Any proposed deal should be independently assessed by a panel of experts to make absolutely sure that it contributes to the achievement of international commitments, including the Sustainable Development Goals, the Paris Climate Agreement and the UN Guiding Principles on Business and Human Rights. That assessment should be made publicly available before any deal is signed.

- **Involvement from parliament:** The USA and the EU both consult their legislatures on trade policy, with Members of Congress and MEPs given a vote on proposed trade deals.

  Any deal that is agreed should be voted on by the UK Parliament, with a full debate and with provision for proposing amendments to the deal’s text. At present, MPs have just 21 days to consider a proposed deal—this should be extended to become more in line with US or EU counterparts. In addition, a parliamentary committee (the International Trade Committee, or a newly-formed Trade Scrutiny Committee) should be given privileged access to the details of negotiations and invited to review impact assessments.

- **Involvement from civil society:** Civil society groups bring expertise and are able to represent the interests and concerns of important stakeholders, including consumers, workers and developing countries. The Trades Union Congress, the Confederation of British Industry, the Federation of Small Businesses and others have suggested that stakeholder representatives could actively work alongside negotiators, feeding into the process via consultative committees. The USA and Canada have both developed a structure of committees that, while not perfect, offer enhanced opportunity for civil society to shape the trade negotiations.

  At present, the Department for International Trade runs 11 sector-specific advisory groups, as a means through which to consult industry on trade policy, plus two ‘thematic working groups’. The exact status of these groups, and their role in scrutinising negotiations, is unclear. Members are required to sign non-disclosure agreements, therefore limiting the opportunity for public debate. Trade unions, civil society organisations and academics are members of the thematic working groups only, which at the time of writing appear to have a lesser status to that of the advisory groups. The UK should bring forward proposals for how civil society views will be actively sought as new FTAs are negotiated.

### 2. Trade agreements that strengthen international commitments

The UK should use Free Trade Agreements as a way of bolstering international commitments to human rights, poverty alleviation and tackling climate change.

The logic of modern trade agreements is that they aim above all else to increase the volume of trade between signatories. Considerations such as human rights and the environment are at best secondary, and
provisions relating to these issues in trade agreements tend to be unenforceable. This must change: trade should be a means to an end, rather than an end in itself. Trade with the UK should be contingent on partner countries demonstrating commitment to global priorities, such as ratifying core ILO conventions and the Paris Climate Agreement.

In practice, this could be done in two complementary ways:

- **The UK should make the ratification of basic ILO conventions and the Paris Climate Agreement a pre-requisite to the opening of trade negotiations.** The UK is the world’s sixth largest economy, which gives it a degree of leverage. This should be used to incentivise potential trade partners to commit to tackling common challenges. In addition, such an approach would demonstrate to the world that the UK is showing leadership, taking a strong stance on issues of global importance as well as domestic economic concerns.

- **FTAs should include binding commitments to international norms.** The text of FTAs should involve committing parties to ratify and make progress against vital international conventions and agreements. Failure to make progress against those agreements, or withdrawal from those agreements, would result in sanctions such as the removal of trade privileges. Some FTAs already contain these kinds of provisions. For example, the EU-Mercosur Agreement commits that “each Party shall...effectively implement the UNFCCC and the Paris Agreement established thereunder”.8

- **However, this commitment is included only in the Trade and Sustainable Development chapter, meaning that there are no effective means of enforcing compliance.**9

3. Assessing and monitoring the impact of trade deals

The UK should assess and monitor the impact of trade deals on important international commitments.

The global economy is fundamentally interconnected. Before the COVID-19 pandemic, the volume and value of global trade was higher than ever before. And many manufactured products are the result of complex international supply chains, with inputs and labour coming from many different countries. Therefore, when new bilateral FTAs are struck, the impact on other trading partners can be significant. Something as simple as lowering tariffs on beef from Australia could have profound consequences for other countries for which the UK is a valuable beef export market, such as Namibia or South Africa.10 The UK should ensure that the effect of a proposed FTA is fully understood before it is signed. Assessments should be comprehensive, looking beyond GDP to provide a view on the potential impact of a deal on poverty, labour rights, the climate and gender equality in partner and third countries.

This is not a new concept; many countries have a process for trying to understand the impact of trade proposals. The EU completes Sustainability Impact Assessments (SIAs) prior to signing new trade agreements, and these have included an explicit focus on human rights since 2014. The EU’s approach has been criticised for lacking rigour, and for being too cursory in its engagement with development issues. Emily Jones and Conrad Copeland suggest that “the UK could pioneer a new approach to SIAs that reflects the aspiration to support developing countries to integrate into global and regional value chains”.11 Box 1 contains proposals for what a UK SIA could include.
Box 1: What could be included in a UK Sustainability Impact Assessment?

- **Assessments should be made in advance and on an ongoing basis by a panel of independent experts drawn from civil society and academia.** It is extremely difficult to accurately model the economic and social impact of a complex trade agreement before it is in operation. Therefore, advance assessments, while they may identify many issues of concern, should be complemented by ongoing assessments that are made throughout the life span of an FTA. These would give policymakers a clear understanding of the impact of a given trade agreement, which could be used to mitigate unwanted outcomes and could inform the negotiation of future agreements.

- **Assessments should lead to action.** If impact assessments are going to have any value at all, they should have a clear link to action. Identifying that a trade deal is worsening poverty or leading to unsustainable levels of carbon emissions should mean that parties are required in the terms of the agreement to take action to mitigate that impact. Possible mitigation measures could include the suspension of certain trade preferences, or commitment to aid spending in affected countries. It is vital that the obligation to act on the findings of an impact assessment is included within the text of the FTA, rather than simply left to the discretion of signatories.

A possible model for this can be found in the safeguarding measures that the EU currently inserts into trade agreements, which provide for the suspension of certain tariff preferences if analysis shows that the deal is damaging to domestic industries. Applying the same approach when a deal is shown to be worsening international poverty would be a wise and proportionate measure.

- **Improved Domestic Advisory Groups.** Some elements of EU trade agreements are monitored by Domestic Advisory Groups (DAGs), comprised of civil society experts from the EU and the partner country. These have the potential to play a valuable role in monitoring all aspects of human, environmental and labour rights associated with a trade deal, although to do so members require a clear mandate, along with the support and resources to allow for their meaningful contribution.

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4. Designing FTAs to support development

A transparent and democratic process for negotiating and agreeing trade deals, backed up with independent assessments, should lead to deals that are designed to have a positive impact, with potential negative consequences identified and mitigated.

The circumstances of each deal will be different, however pro-development FTAs might include some of the following features:

- Binding Trade and Sustainable Development chapters
- Tariffs designed to preserve the value of preferences extended to poorer countries
- Rules of Origin designed to include poorer countries in global supply chains
- Avoid introducing problematic new trading norms via bilateral FTAs

**Trade and Sustainable Development chapters**
Increasingly, trade deals include sections that specifically commit the signatories to sustainable development. These Trade and Sustainable Development (TSD) chapters feature in recent EU trade agreements as well as in USMCA and CPTPP. However, the value of such chapters relies heavily on how closely compliance is monitored and what consequences are attached to non-compliance.

As Sam Lowe at the Centre for European Reform has written:

“EU TSD chapters are not subject to enforceable dispute settlement procedures and there are no financial penalties for non-compliance. The lack of sanctions has led to claims by MEPs and civil society groups that EU TSD chapters are toothless in practice. European civil society groups also point out that there is an imbalance in how their concerns and those of investors are treated: under the investment protection mechanisms contained in many EU trade agreements, foreign investors are able to sue for financial compensation in the event that government action is adjudged to have harmed their investment; groups concerned about labour abuses and environmental degradation, on the other hand, have limited recourse.”

In the UK’s post-Brexit trade policy is going to be used to support international development in any meaningful way, UK FTAs should include TSD chapters that are enforced with sanctions that are equivalent to those used in investment-related disputes.

**Design tariffs to avoid preference erosion**

The EU extends tariff preferences to various countries on objective development grounds, via the Generalised Scheme of Preferences. By cutting or abolishing the tariffs that firms in poorer countries incur when exporting to the UK, trade policy can support industrial development in those countries. Without such tariff preferences, a developing-country firm is likely to struggle to compete with other countries that are able to provide a greater level of support to their domestic industry (such as sector subsidies or export finance). The UK has recognised that preferential schemes are crucial if trade is to be an engine for economic development in the Global South and has committed to roll-over the EU’s market access schemes.

Free Trade Agreements aim to increase trade between countries, and one of the key ways that they can do this is to lower tariffs between the signatories. However, this should be avoided where lowering tariffs would erode the preferences offered to developing countries. This shouldn’t be too difficult an issue, as there are relatively few overlapping export interests between developing countries and the richer countries with which the UK is currently negotiating. This can be understood by looking at Kenyan horticulture (see Box 2).

**Box 2: Kenyan horticulture and the danger of preference erosion**

The Kenyan horticulture sector employs more than 8 million workers and farmers, and green beans are the most commonly-exported vegetable. 59% of Kenyan green beans end up in the UK. Because Kenya is a poorer country, the UK does not apply any tariffs to these beans.

Green beans from the USA, with its heavily industrialised and subsidised agricultural sector, are currently subject to a tariff of 8% when they arrive in the UK.

A UK-US deal that abolishes tariffs on green beans traded between the two countries would have little overall impact on the economies of either country. However, it would mean that Kenyan exporters would be placed in direct competition with their US counterparts, which would lead to lost business for Kenyan suppliers, lost jobs for the workers and lost incomes for smallholder farmers.
**Design rules of origin that support poorer countries to gain maximum advantage and opportunity**

The underlying logic of trade agreements is that signatories will have privileged access to one another’s markets. Trade officials are keen to avoid ‘trade deflection’, where countries without privileged access simply sell a product via an agent in an FTA signatory, therefore qualifying for lower tariffs. However, the nature of globalised supply chains poses a challenge—how can the origin of a product be calculated if it incorporates materials and inputs from different countries? Rules of origin have evolved within trade agreements as a way of defining the true origin of a product, and therefore applying tariff preferences accordingly.

Typically, rules of origin are based upon one of three criteria:

1. Did a product undergo transformation in a country that led to the changing of the Harmonized System code?
2. Did the product undergo ‘substantial processing’ in a country?
3. What % of the value of the product is derived from a country?

If rules of origin in bilateral FTAs between richer countries are too strict, or too complex, they will incentivise firms in those countries to source only from domestic suppliers, denying opportunities to suppliers in poorer countries, or else lock poorer countries into supplying only low-value inputs. This will hinder the role that international trade can play in spreading wealth and creating opportunity in poorer countries.

Rules of origin in FTAs should offer equal tariff preference to products whether they are wholly produced in the FTA partner country, or whether they incorporate inputs, however valuable, from poorer countries.

This can be illustrated through a theoretical example of a UK-EU FTA in which German car manufacturers are selling to the UK. Restrictive rules of origin that grant tariff preferences to a product based on the % of its value derived within the EU might incentivise a German car-maker to source cheaper inputs (such as unprocessed metals) from a poorer supplier country (for instance, Zambia). This arrangement locks Zambia into ‘producer’ status. Removing restrictive rules of origin would create more of a market for Zambian processed metals (pressed steel sheets, or axels) and therefore support Zambia’s economic and industrial development.

Something of a model for this can be found in the African Growth and Opportunity Act (AGOA), the USA’s trade preference scheme for African countries, which maintains relaxed rules of origin for goods where multiple African countries have provided inputs. This has a higher utilization rate than the EU’s Generalised System of Preferences, suggesting that the minimization of border checks and bureaucracy serves to incentivise trade.13

**Avoid using bilateral FTAs to establish problematic new trade norms**

One of the major development concerns with FTAs between richer countries is not that they will directly stymie the economic development of poorer countries. Rather, it is that new bilateral agreements could set problematic new norms that would then manifest in future trade agreements, such as those struck with poorer countries.

The increased trend towards bilateral FTAs is partly born of frustration with the inefficiencies and challenges of the multilateral system. The World Trade Organisation has been slow to reform and respond to the trade challenges of the 21st century. Richer countries have therefore looked to FTAs as a means through which to break new ground in areas such as e-commerce and investment.
Trade deals are not negotiated in a vacuum. Previous deals become the blueprint for future deals. Countries are unwilling to give ground on features of trade deals that have already become an accepted norm elsewhere. And whereas at the WTO poorer countries can jointly advocate for their interests, it is more difficult to do this in a bilateral FTA negotiation. The Ugandan trade activist Africa Kiiza summarises the issue by saying:

“Rich economies like the EU are using FTAs to win concessions that they are unable to obtain at the WTO, where developing countries continue to band together and hold out for more favourable rules.”

For the same reason, care should be given when deciding what approach the UK will take to agreeing shared standards within FTAs. Regulatory cooperation is one of the new innovations introduced by rich countries that brings both the risk of provoking a race to the bottom, and the possibility that the bar is set too high for developing countries. Deregulation of standards (for instance, pesticide or food standards) in an FTA between significant economies such as the UK and the USA could serve to depress standards elsewhere and start a ‘race to the bottom’. Equally, standards should not be too complex or exacting, with Christophe Bellman raising the concern that “deep integration initiatives among large trading partners might set rules that become de facto templates for global standards, and ultimately raise the bar too high for low-income countries to comply”.

Clearly, this is a difficult balance to achieve. Countries should be able to retain policy space in the crucial area of regulation and standards. A reasonable conclusion is that trade agreements are not the most appropriate way to enshrine cooperation on these issues. A new forum, outside of FTAs and the WTO, with a remit to increase standards in an inclusive way, would be more appropriate.

Another concern with the bilateral FTA approach that the UK has opted to pursue is that it risks undermining regional trade in the Global South. Regional trade between poorer countries is a vital tool for economic development and the achievement of the SDGs. This is especially the case in Africa, where regional supply chains tend to be particularly under-developed. Currently, intra-Africa trade only accounts for 10% to 12% of trade on the continent. This is in comparison to the high levels of intra-regional trade in Europe (60%) and Asia (40%). Various regional trading blocs, as well as the recently-agreed African Continental Free Trade Area, aim to change this by abolishing tariffs and non-tariff barriers between countries.

If the UK seeks to strike a liberalising individual agreement with one part of a trading bloc (for example, with Kenya), but not others (Tanzania and Uganda), that would undermine the common external tariff applied by the Customs Union of the East African Community. This would lead to border checks, to ensure that goods exported into Kenya by the UK did not find their way into neighbouring countries that impose a higher tariff. Additional border checks are barriers to intra-regional trade that would undermine the efforts of African countries to become more closely integrated.

The African Union sees trade between its members as a vital to its future economic development, writing that “all analyses and studies confirm that the AfCFTA represents Africa’s best insurance policy and strategy to recover from the Covid-19 pandemic.”

Undermining regional trade in Africa would also run counter to the UK’s own development spending, with multiple UK aid programmes explicitly focusing on supporting the establishment of regional trading networks in Africa.
Use FTAs to strengthen action on business and human rights

Trade deals that encourage a greater level of investment between countries can be an engine for economic development. However, many international companies, including those linked to the UK, have been found to have acted with impunity in their overseas operations and supply chains. For example, Traidcraft Exchange have visited communities in Liberia who had their land grabbed by the UK company Equatorial Palm Oil. The company promised compensation payments, which did not materialise, and villagers were pushed into deeper poverty, left without livelihoods or self-sufficiency.

FTAs seek to increase the volume and value of international investment; this should be balanced by making requirements on business to conduct due diligence on the human rights and environmental risks of their operations and supply chains, and by holding companies to account in the UK courts when violations do occur.

The UK should legislate domestically to ensure that investors uphold human rights and protect the UK’s reputation for fair play overseas. However, it should also explore options for using FTAs to drive similar commitments from trading partners. The EU is considering a similar approach, with the European Parliament’s International Development Committee recommending that trade policy includes “enforcing due diligence obligations within FTA Trade and Sustainable Development chapters.”

5. Designing FTAs that support climate action

Successfully achieving the SDGs, with their vital emphasis on tackling global poverty, requires urgent international action on climate change. The effects of climate changes are felt disproportionately by poorer countries, such as small island nations and those positioned near the equator. Any efforts to solve poverty will be for nothing if tackling climate change is not given equal or greater emphasis. The UK has recognised this by committing to the Paris Climate Agreement. This is ambitious, difficult and vital, it will require all parts of UK public policy to work in concert, and trade policy is no different. As President of COP26, it is particularly appropriate that the UK shows global leadership on tackling climate change in 2020/21.

However, international trade and investment agreements have a poor record of supporting climate action. Trade agreements are typically designed to maximise the volume and value of trade. Sustainability considerations may be in direct conflict with this over-riding aim. However, a number of ideas are being developed that must form part of the UK’s FTAs. Given that the UK is starting from scratch in developing its post-Brexit trade policy, it is uniquely well-placed to incorporate progressive climate commitments into future trade policy.

As previously discussed, this should include using trade agreements to reinforce international commitments to multilateral environmental agreements such as the Paris Agreement and the Convention on Biological Diversity. In addition, trade deals should contain guarantees that parties will have the freedom to develop and implement law and policy which will enhance environmental protection, even if they have the effect of restricting international trade.

Beyond these vital first steps, there are a number of other areas where the UK should focus as it designs trade deals that will help to protect the planet:

- Greater focus on climate issues in TSD chapters
- Rejecting ISDS
• Using the WTO to support cooperative climate action
• Reform subsidies to encourage green products and technologies

**Strengthen the climate dimensions of TSD chapters**

The UK is committed by law to achieving net zero carbon emissions by 2050. This requires trade policy to play its part. The TSD chapters of FTAs should be strengthened, with binding enforcement. And their scope should be extended to incorporate stronger commitments to the Paris Climate Agreement. France and the Netherlands have called for stronger TSD chapters in the EU’s FTAs. The UK’s Aldersgate Group is in agreement, adding that future UK FTAs should include binding non-regression clauses to prevent signatories from reneging on their climate commitments.

**Reject ISDS clauses**

Investor protection clauses, such as Investor-State Dispute Settlement (ISDS) clauses, are a common feature of many modern FTAs. These give disproportionate rights to international investors, allowing them to sue host country governments for decisions that might damage the value of their investment. For example, the UK gas company Rockhopper is suing Italy for not granting them a concession to drill oil off the Italian coast.

The impact of ISDS clauses is not limited to cases that have been brought through the courts. The mere threat of a protracted and expensive court battle is enough to discourage countries from regulating to protect the environment—as seen when the Canadian fossil fuel giant Vermilion threatened the reformist French Environment Minister with a billion dollar lawsuit when he proposed laws to end fossil fuel extraction. The plans were quietly scrapped, and France agreed to continue to grant extraction rights to companies until 2040.

The existence of ISDS clauses in FTAs is democratically outrageous and obstructs nations taking action to tackle climate change. They must not be part of the UK’s future FTAs.

**The Agreement on Climate Change, Trade and Sustainability (ACCTS)**

ACCTS is an initiative that New Zealand, Fiji, Iceland, Norway and Costa Rica have been negotiating since September 2019. In January 2020, Switzerland announced that they were also participating in the negotiations.

The initial scope of ACCTS is to cover the following areas:

1. **Liberalising trade in environmental goods and services**
   Environmental goods and services are defined as ‘activities which produce goods and services to measure, prevent, limit, minimise or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems.’ The barriers to trade in these goods include import tariffs, while barriers to trade in services are obstacles to foreign investment and hindrances to rapid entry. The concessions made by ACCTS signatories on environmental goods and services would be extended to all WTO members on an MFN basis.

2. **Disciplines to eliminate harmful fossil fuel subsidies**
   Subsidies of the production and consumption of fossil fuels is worth $500 billion globally each year. Jacinda Ardern said: ‘If trade rules can require subsidies to be removed from things like agriculture, then it is only consistent that they also require subsidies to come off polluting fossil fuels.’
3. **Guidelines for voluntary eco-labelling programmes**

Signatories are committing to work together to develop a common methodology (or even label) for displaying the ecological impact of consumer goods.

The UK should demonstrate the seriousness with which it takes its climate commitments by joining ACCTS; this would send a clear message about the UK’s position, and elevate the profile of ACCTS itself within the international community.

**Reform subsidies to encourage green products and technologies**

The commitment in the ACCTS to tackle the harmful practice on subsidising domestic fossil fuel production is not the only area where subsidy reform is sorely needed, and could be supported through Free Trade Agreements. FTAs often specify where a party is permitted to provide subsidies to domestic industries, and therefore provide a valuable opportunity to allow countries to support the development of green technologies and products.

6. **Conclusion**

The UK’s decision to leave the European Union means that it is a relatively unique example of a country forming its trade policy from scratch. This is a risky position to be in, but one that affords opportunities. After December 2020, the UK has the chance to showcase a new, modern trade policy, that is fit for the challenges of the 21st century.

The UK plays a leading role in tackling complex global challenges, from poverty and inequality to climate change. It’s no longer sufficient for trade policy to focus just on trade goals, particularly if doing so undermines progress on these global challenges.

The vital foundation of a modern trade policy is a transparent and democratic process for negotiating and signing trade deals that involves parliament and civil society, informed by ongoing impact assessments. Upon this foundation, there are a number of features that the UK could pioneer that would contribute to a pro-development, pro-climate action trade policy. The opportunity to introduce rules of origin into trade deals that enhance opportunities for manufacturers in poorer countries, or the chance to break new ground by signing up to ACCTS, should excite UK officials.

As of September 2020, the UK is simultaneously attempting to negotiate FTAs with the EU, the USA, Australia and New Zealand. This provides the Trade Secretary Liz Truss with ample opportunity to demonstrate how her Department can support the UK’s vital international commitments. This paper constitutes a set of recommendations to ensure that the UK’s trade deals are consistent with the imperative that urgent progress is made towards the SDGs and the Paris Climate Agreement.

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ENDNOTES

1 For example, the UK government's own estimates are that a comprehensive trade deal with the USA will provide only a 0.16% boost to the economy over 15 years:  https://www.bbc.co.uk/news/uk-politics-51706802

2  https://assets-global.website-files.com/sda42e2cae7ed3f8bee353c/sda924905da87992a064ba._Conservative%202019%20Manifesto.pdf

3 The limited ability of MPs to have a say on UK trade deals comes from the Ponsonby Rule, a parliamentary convention dating from 1924.

4 The US and EU give lawmakers 60 and 90 days respectively to consider trade deals


6 The USA has 28 advisory committees (https://ustr.gov/about-us/advisory-committees) while Canada has a structure of Sectoral Advisory Groups on International Trade (SAGIT sub-committees).

7 These should include, as a minimum, the Sustainable Development Goals, the Paris Climate Agreement, the eight ILO fundamental conventions, the Convention on Biological Diversity and the UN Guiding Principles on Business and Human Rights.


9 Poorer countries, which may not have the resources to make progress against international agreements, could be offered differential arrangements in recognition of their development status

10 Namibia currently exports 26% of its beef to the UK: https://www.namibian.com.na/188456/archive-read/Nam-to-keep-tariff-free-beef-to-UK

11 Dr Emily Jones & Conrad Copeland, https://www.egg.ox.ac.uk/sites/egg.egg.ac.uk/files/Making%20UK%20trade%20work%20for%20development%20opost-brexit.pdf

12  https://www.cer.eu/insights/eu-should-reconsider-its-approach-trade-and-sustainable-development


16 p16, https://www.egg.ox.ac.uk/sites/egg.egg.ac.uk/files/Making%20UK%20trade%20work%20for%20development%20opost-brexit.pdf


19 See, for example, the Africa Food Trade and Resilience Programme (https://devtracker.dfid.gov.uk/projects/GB-COV-1-300480) and Trade Mark East Africa (https://www.trademarka.com/trade-policy/)
About Traidcraft Exchange

Traidcraft Exchange is an international development charity which uses the power of trade to bring about lasting solutions to poverty. It runs development programmes in South Asia and Africa, works directly with businesses to improve their supply chains, and does advocacy and campaigning in the UK to promote justice and fairness in international trade. It works closely with specialist fair trade company Traidcraft Plc.

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