

Chapter 5

The National Food Strategy: Part One – July 2020

1846 and All That – Food Security and Trade

Although the food supply chain proved resilient in the COVID-19 crisis, the convulsions it suffered remind us that there is no room for complacency when it comes to food security.

We look at the role of global trade in our food supply, discuss the principles that should sit behind the UK's future trading relationships, and make three recommendations for the Government's approach to ongoing talks.

WHEN the COVID-19 pandemic began to sweep through the UK in March, you could have been forgiven for thinking we were weeks away from serious food shortages and a return to wartime rationing. As supermarket shelves were stripped bare by people stockpiling, some commentators were quick to argue that the UK must start growing more of its own food to protect us from the vagaries of our long global supply chains.¹³⁸ Others called for the immediate rationing of fruit and vegetables,¹³⁹ and the clamour grew loud enough for the Government to deny that it had any such plans.¹⁴⁰

Four months later, it is striking to see how quickly the system has righted itself. Although some products, such as pasta and tinned tomatoes, were initially in short supply, the UK as a whole always had plenty of calories to feed itself.[†] Supermarket shelves are now fully stocked again, offering the cornucopia of choice to which the modern consumer has become accustomed.

But this doesn't mean there was never anything to worry about. And it certainly doesn't mean we can afford to be complacent.


The fact that the system didn't, in the end, break down is largely due to the nature of this particular crisis. In global economic terms, the COVID-19 pandemic has manifested itself as a succession of very local, very severe restrictions on the demand side of the economy, taking place over a period of months worldwide. These restrictions were imposed by governments, and governments were therefore able to take the necessary measures to ensure the continued production and transport of food. While the virus itself might be considered an "act of God", outside human control, the lockdowns have been voluntary responses, imposed and mitigated by governments.

The businesses that have been hardest hit by the pandemic are those providing non-essential products or services that require you to leave the house – such as those in my own sector, hospitality.¹⁴¹ The collapse of large swathes of the restaurant industry is likely to cause terrible economic hardship and a surge in unemployment.¹⁴² But things could have been even worse.

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Climate change is currently the biggest threat to food security, perhaps the most serious the world has ever seen. The problems it creates are likely to be disruptions of supply rather than demand. One worst-case scenario would be the failure of multiple harvests worldwide. If that happened, there might not be enough food to go around. This is a food security issue on a grand scale.¹⁴³

¹ The most vulnerable members of society faced, and still face, serious and specific difficulties with food security, as outlined in Chapter 3.

Growing our own

It is often assumed that growing more food locally is the best way to improve the security of the food supply. But the opposite can sometimes be true.[†] Indeed, the fragility of an entirely local food supply is one of the reasons why, since the mid-19th century, our island nation has relied on imports for a significant part of our diet.

The Corn Laws that were introduced after the Napoleonic wars, effectively banning imports of wheat, were justified at the time as a way of protecting British supply. But they were widely recognised (and loathed) as protectionism: a method of ensuring British landowners could command a high price for their crops, thereby enriching the gentry at everyone else's expense.

The abolition of the Corn Laws in 1846 has traditionally been seen as a victory for Britain's rising class of industrialists against the landed gentry, because it freed up a huge workforce to move from the land into the factories. But the historian Boyd Hilton argues that food security was an equal consideration. Widespread harvest failures, combined with the Irish potato famine the year before, had demonstrated with painful clarity the dangers of relying exclusively on local agriculture.¹⁴⁴

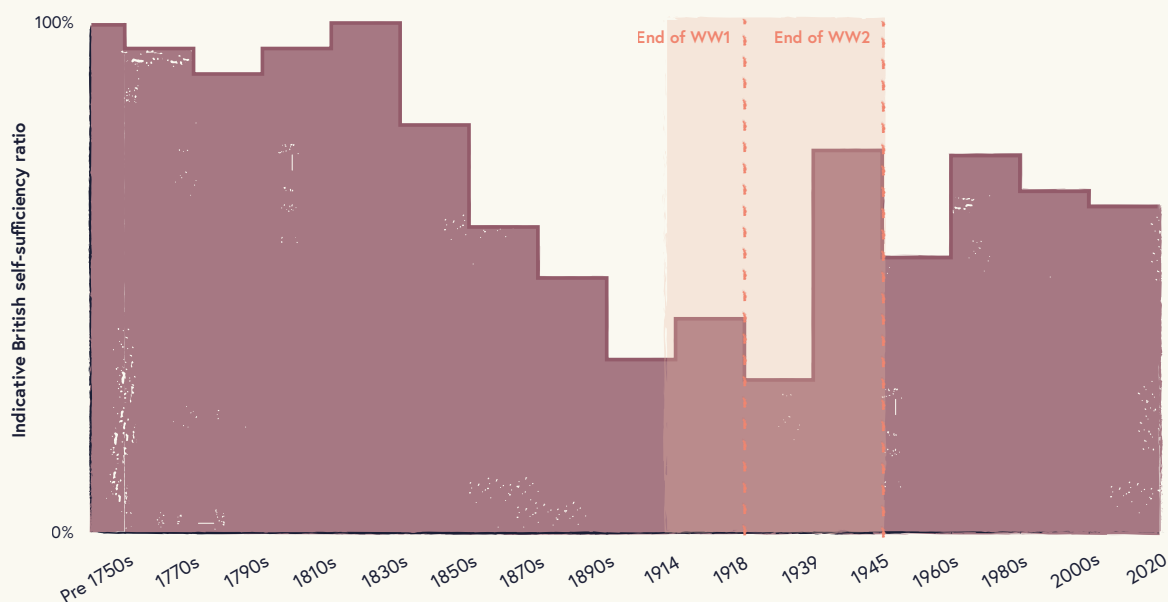
The "self-sufficiency" of the British food system – i.e. the proportion of our food produced in this country – has oscillated since then, as can be seen in Figure 5.1. Towards the end of the 19th century, a growing population was largely fed on imports from around the Empire and beyond, brought in by Britain's merchant navy and guarded by its vast fleet. In 1911, Rudyard Kipling explained how...

**the bread that you eat and
the biscuits you nibble,
The sweets that you suck and
the joints that you carve,
They are brought to you daily
by All Us Big Steamers
And if any one hinders our
coming you'll starve!**¹⁴⁵

During the two World Wars, their coming was hindered – and Kipling's warning was very nearly realised. UK self-sufficiency soared again, as the nation was urged to "dig for victory".¹⁴⁶ Farmers did their patriotic duty by grubbing up hedgerows in order to grow food on every available bit of land. After the last war, agricultural subsidies were introduced in an effort to ensure the nation's food security.¹⁴⁷

Figure 5.1

The UK has been a net importer since the 1830s¹⁴⁸




Axis intervals uneven 1914 - 1945 to capture the First and Second World Wars.

In 1973, Britain joined the Common Agricultural Policy, with its system of subsidies largely designed to encourage food production within the EU. This led to surpluses, and eventually the famous butter mountains.¹⁴⁹ The subsidies were tweaked, and UK self-sufficiency began to decline again. Currently 64% of the total food consumed in the UK is produced domestically – although the figure for food that can be grown most efficiently in Britain's climate, such as meat and cereals, is rather higher.^{††}

In Part Two of the National Food Strategy, I will examine in detail the issue of self-sufficiency. Is there an optimal percentage number that we should be targeting, whether in aggregate or varying across the seasons and for different foodstuffs? Or should we be using different measures altogether to quantify our food security? For the purposes of Part One, however, it must suffice to acknowledge that some established import routes for food are desirable, and absolute autarky is not.

[†] As the Irish economist Robert Torrens wrote in 1815, "A free internal trade between the districts of a considerable agricultural country, obviates famine; but, a free external trade between all growing countries, would render it next to impossible that we should be visited even by a dearth". *An Essay on the External Corn Trade*. London: J. Hatchard, 1815, p. 28.

^{††} Based on the value of agricultural products leaving the farm, just over half (53%) of our food we consumed in 2019 was grown in the UK. Some of the food we grow is exported. If the food we export was consumed in the UK, our self-sufficiency ratio would be 64% for food in general, and 77% if we consider only the sorts of food we'd typically be able to grow in the UK (e.g. wheat, meat, dairy and root vegetables). Source: Department for Environment Food and Rural Affairs. (2020). *Agriculture in the United Kingdom 2019*. HMG. [online].



The global food system currently accounts for 20-30% of greenhouse gas emissions.

How do we want to trade?

As a result of our exit from the European Union we can, and must, decide for the first time since 1973 how we want to shape our trading relationships with the world. We can, if we choose, make radical changes to how and on what terms we buy our food. 2020 is the 1846 of our time.

The public debate over what our new trade deals should look like has been categorised crudely as a fight between protectionism and unfettered globalism – or as one newspaper put it, the Waitrose Protectionists vs the Lidl Free Marketeers.¹⁵⁰ This is an entertaining idea, but not a helpful one. In all the conversations I have had with farmers, academics, cabinet ministers, business leaders and trade negotiators, I have encountered very few who take either of these extreme positions.

Instead, most belong to a category that I will call the Progressive Free Trader. They believe in the power of free trade to improve the lot of mankind globally, but also that trade can, and ideally should, reflect certain values. No one I have met thinks we should be importing food produced in ways that destroy the environment, accelerate climate change or inflict misery on animals.

One of the best arguments for free trade is that, by making things where it is most efficient to do so, mankind can create more wealthⁱ and lift more people out of poverty. If each country specialises in the things it does best – through whatever accident of geography, climate, politics or demographics – it can produce and sell things more cheaply, and thus we all end up with more money in our pockets. This idea, known as the law of comparative advantage, was originally proposed by the economist David Ricardo in 1817.^{tt} (Some historians believe that reading Ricardo convinced Robert Peel that the Corn Laws had to go, even though most of his own party disagreed and voted against the Prime Minister. He was forced to resign as soon as the Act was passed.)

Ricardo's theory is vindicated by history. Between 1820 and 2015 the proportion of people living in "extreme" poverty across the globe fell from 84% to 10%.¹⁵¹ Over the same period, life expectancy rose from just under 30 to just over 70, while child mortality fell from 43% to 4.5%.¹⁵² Even if you believe that the wealth generated by free trade has been grotesquely unfairly distributed, it is hard to argue that the global reduction in poverty, or increase in life expectancy, would have happened without it.

It is now more essential than ever that we harness the power of free trade. If we are to overcome the economic effects of the COVID-19 pandemic and address the climate crisis, every country needs to do what it does most efficiently. But these new challenges require us to redefine what we mean by "efficient". We must still produce things where they cost the least. But we need to understand these costs not just in terms of pounds, euros or dollars, but in terms of carbon emissions, biodiversity losses or the exhaustion of scarce water resources.

The global food system currently accounts for 20-30% of greenhouse gas emissions (see Chapter 6). The UK Government has recognised the fundamental need to transform modern agriculture to address these issues. Its Future Farming and Countryside Programme will, if properly implemented, create one of the most enlightened agricultural systems in the world. Its system of grants, subsidies and legislation is designed to incentivise farmers to work their land in ways that protect the environment, promote animal welfare and restore the landscape.

But this will only work if our trading arrangements reflect the same values. Otherwise, businesses and consumers may simply replace food that has been produced in this country to high ethical standards with cheaper imported food produced at lower standards. This would make the whole future farming programme a charade. We would not be preventing the harms we want to prevent – carbon emissions, biodiversity loss, animal cruelty – but simply moving them overseas. It would discredit this enlightened model of farming and make it less likely that other countries adopt it. And it would also risk putting UK farms out of business by subjecting them to unfair competition.

The Government recognised this in the 2019 Conservative manifesto, pledging: "In all of our trade negotiations, we will not compromise on our high environmental protection, animal welfare and food standards."

So far, so consensual. The disagreements begin when it comes to putting these principles into practice.

Given the vigour with which campaigners are fighting to prevent an influx of low-standard food into the UK, it may surprise the casual observer to learn that we already allow the import and sale of food produced to standards that would be illegal here.

Supermarkets sell Danish bacon from pigs whose mothers were kept in sow stalls, for example. Sow stalls were banned in the UK in 1999 on the grounds of cruelty. Likewise, the legal maximum stocking density for chicken is 42 kg/m² in the EU,¹⁵³ compared to a somewhat more humane 39 kg/m² in the UK.¹⁵⁴

Such divergences are not restricted to animal welfare standards. We currently import large quantities of oilseed rape that has been grown from seeds coated in neonicotinoids: a pesticide banned across the EU and thought to be partly responsible for the decline in the number of bees and other pollinators. Livestock reared in the UK are fed genetically modified soya that would be illegal to grow here.

In an ideal world, we would not allow such anomalies. We would, as Neil Parish, Chair of the House of Commons select committee for the Environment, Food and Rural Affairs, proposed in an amendment to the Agriculture Bill,¹⁵⁵ stipulate that "any agricultural or food product imported into the UK under [a trade] agreement will have been produced or processed according to standards which are equivalent to, or which exceed, the relevant domestic standards and regulations".¹⁵⁵

¹ Strictly speaking it is not wealth that it creates, but stuff. As Ricardo put it, the "extension of foreign trade...will very powerfully contribute to increase the mass of commodities, and therefore the sum of enjoyments". The object of trade in his mind is happiness, not wealth. Money is just a mechanism to achieve happiness and an (imperfect) way we seek to measure it.

¹¹ Ricardo's law of comparative advantage also explains why British workers (were) increasingly moved from the fields to the factories in the second Industrial Revolution of the late 19th century. The country could make more money per head of population if we focussed on making things to sell abroad rather than farming. The profits from the exports could then be used to buy imported food.

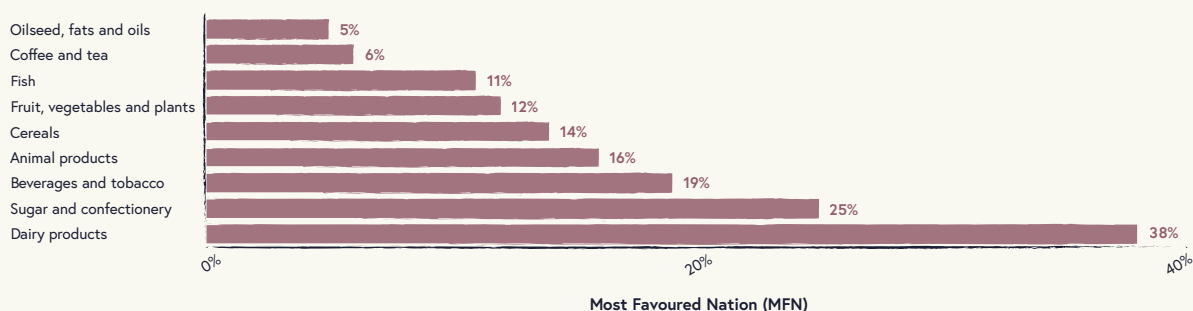
¹¹¹ One of over 300 amendments proposed by MPs and Lords.

In practice, however, few countries would be willing to trade with the UK on such terms – and almost certainly not the EU or the US, the UK's two largest trading partners.¹⁵⁶ It would also prevent us from carrying over many of the trade deals with non-EU countries that we benefited from while in the EU – such as the CETA arrangement between the EU and Canada, which does not prohibit the import of crops grown using neonicotinoids.¹⁵⁷

We could find ourselves without any viable trade deals at all, thereby threatening both our food security and our prosperity. A purist Progressive Free Trade approach would end up progressive, but trade-free.[†]

Another obstacle to a purist approach is the World Trade Organisation (WTO). One of the stated objectives of the WTO is to tackle protectionism, to ensure that developing countries can compete on a more level playing field. Protectionism is, and always has been, most rife in the marketplace of food. The average tariff on agricultural goods coming into the EU from nations that do not have a trade deal (known as the Most Favoured Nation or MFN tariff) is 11%, compared with 4% for non-agricultural goods.¹⁵⁸ (See Figure 5.2.)

Figure 5.2
Food tends to have high tariffs compared to other goods¹⁵⁹



MFN tariffs apply where no trade deal exists.



It may surprise the casual observer to learn that we already allow the import and sale of food produced to standards that would be illegal here.



The WTO is institutionally suspicious about countries seeking to restrict international trade by stealth. It therefore stipulates that, while countries can put tariffs on any good, the tariffs must be the same for all nations except those with whom you have a trade deal. Countries are also not allowed to ban the import of goods outright. Exemptions to these rules are set out in Article XX of the General Agreement on Tariffs and Trade (GATT).¹⁶⁰ They include measures necessary to protect public morals (originally intended to prevent trade in pornography, but recently used to stop the trade of seal products into the EU), measures to protect "exhaustible natural resources" and measures to protect human, animal or plant life or health.

However, these exemptions do not cover the way goods are produced. This is because there is a long history of countries using process-based stipulations as a way of discriminating against other countries. Famously, in 1904 Germany cut its tariffs on the import of "large dappled mountain cattle reared at a spot at least 300 metres above sea level and having at least one month's grazing each year at a spot at least 800 metres above sea level".¹⁶¹ While the tariff reduction was theoretically open to everyone, in practice it benefited only Switzerland.

As far as the WTO is concerned, we cannot ban chlorinated chicken because of the production process alone. We could legally ban it on the grounds that the chlorine could make people sick (for which there is little to no evidence), but not on the basis that the

chlorine is required as a result of production practices that are harmful to the welfare of animals (for which there is some). The EU's ban on chlorinated chicken, which was made on public health grounds, has been challenged by the US under WTO rules. (The appeal was suspended in 2009 in the hope, thus far in vain, of finding a negotiated solution.)¹⁶²

The same is true of hormone-reared beef. This was first banned by the EU in 1981 following the "hormone scandals" of the late 70s, in which Italian schoolchildren showed signs of premature development which were thought to be linked to hormones in imported veal. President Reagan imposed \$100 million in retaliatory tariffs against the EU – including 100% tariffs on beef, Roquefort cheese, truffles, chicory, preserved tomatoes, and Dijon mustard. When the WTO was formed in 1995, the US lodged an appeal against the hormone beef ban. After much legal arm-wrestling, the case was finally resolved when the EU and the US agreed a "grain-fed" beef quota, which allows 45,000 tonnes of hormone-free, grain-fed beef to be imported into the EU tariff-free each year.

The EU is the only trading bloc that bans hormone-injected beef. Chlorine-washed chicken is also permitted essentially everywhere else. The Singaporeans banned it until 2016, but withdrew the ban under US pressure. Even countries such as New Zealand, which many believe to be progressive, allow it in.¹¹

¹ Perhaps not quite trade-free: we would still trade with the world on WTO terms, but this would both harm the UK's ability to export its goods and services around the world and drive up prices in the UK.

¹¹ There is less of a consensus on the import of pork from pigs treated with the growth promoter ractopamine. It is banned in China and Russia as well as the EU.

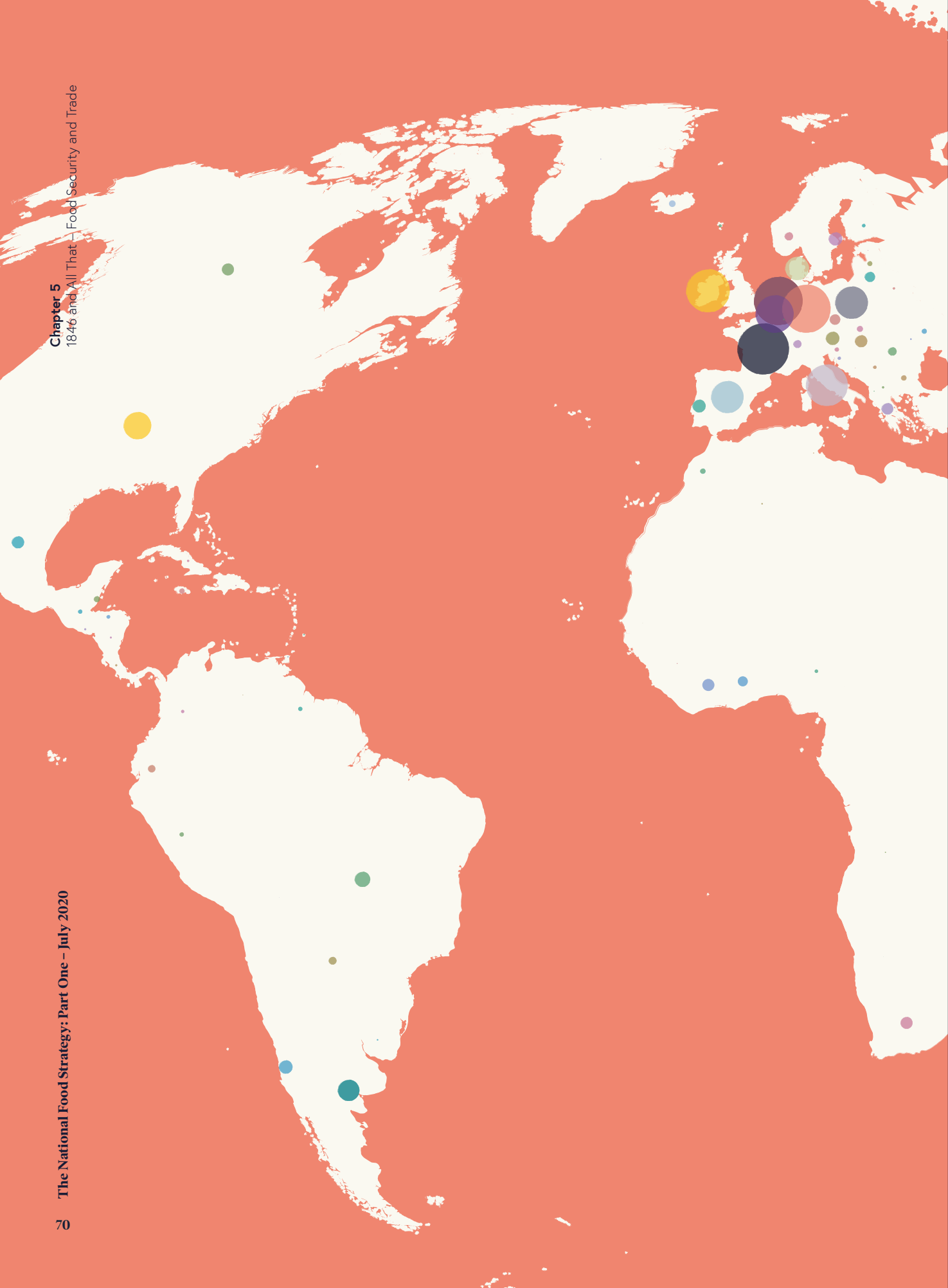


Figure 5.3
The UK imports food from 160 countries¹⁶³

Bubbles sized by 2018 UK food imports (by dollar value).



Going global

It is not surprising that the debate over our future trading model is heated. This the first time we have needed to debate these issues in 40 years. The nub of it, however, is not whether we should have an ethical or unethical trading policy. Rather, we need to be asking what the best way is to achieve our common aims: finding new markets for our products, reducing poverty here and abroad, safeguarding people's health, protecting the environment, improving our own food security and ensuring the welfare of animals. Do we follow a globalist model – freeing up our trading system to the greatest possible extent – or attempt something more regulated?

A range of arguments are made for the globalist model. They generally include some or all of the following:

1. The best way to spread our values is to link our markets by trade rather than becoming isolationist.
2. There are huge opportunities for us to snap up: the US is the world's second largest importer of lamb, for example.
3. A globalist approach doesn't mean a free-for-all. It requires structural support from two parallel systems: the WTO, to stop protectionism and encourage free trade; and a handful of other international organisations to create a transparent rules-based system for environmental protections and animal welfare. These bodies would typically include Conference of the Parties (COP, for climate change), the Convention on Biological Diversity, Codex Alimentarius (which is responsible for food safety), and the World Organisation for Animal Health (OIE), which currently has the legal responsibility for setting global animal welfare standards. The WTO's job – its essential purpose – is to ensure the freest possible trade given the global standards set by the other organisations.
4. The risk to our farmers of being undercut by cheaper imported goods is not as great as people make out. Without any tariffs, US hormone injected beef, for example, would only be marginally cheaper than ours by the time it reaches these shores, on account of the freight costs.[†] Chicken from the States would have to be frozen, which would massively reduce the market for it. (In 2019, 94% of the total take-home volume of poultry and game was fresh,^{††} and fresh meat accounted for 85% of sales of meat products in UK retailers.^{†††})
5. Food standards in the US and other countries are not necessarily lower than in the UK or EU. In some areas, they may even be higher (see Figure 5.4 for a comparison of UK and US standards).
6. Where there are large differences in cost – Brazilian beef, for example, is typically much cheaper than ours¹⁶⁴ – quotas could be introduced into the deals to prevent UK farmers being undercut. You can also include "snap back" clauses which allow you to put tariffs up again if the UK were being flooded with imports.
7. In addition, you could subsidise food that is produced to higher standards in this country, effectively reducing its cost.
8. Once all that is in place, consumers can make up their mind if they don't want to buy food produced in this way.^{††††}
9. If we attempt to force our own values onto our trading partners, we won't get (m)any trade deals. The EU is the only bloc that has attempted this approach. It has done so in an extremely small number of areas. And where it has been successful, it has only been in return for concessions elsewhere.
10. Requiring poorer countries to meet our standards would in many cases make it difficult or impossible for them to export to us. We are rich enough to afford the luxury of a conscience: we should not force poorer countries to carry burden of our ideals.
11. Finally, if challenged on whether the benefits of trade deals are even worth it (DIT has estimated that a trade deal with the US, for example, would only increase GDP by 0.16% over 10-15 years),¹⁶⁵ the globalists retort that these estimates are not a reliable prediction of the future. They may have a point on this. As the American writer Evan Esar put it: "An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today."

I do not subscribe to this argument.



Figure 5.4

Table of UK and US standards - Examples

	UK standard	US standard
Laying hens	All cages must have a perch, nest box and litter and provide at least 750 cm ² of space per bird.	No federal standard; voluntary guidelines suggest cages should be at least 432 cm ² . But California will require entirely cage-free housing from 2022, with other states expected to follow.
Broiler chickens	Stocking density may not be higher than 39 kg/m ² . Chemical washes banned.	No federal legal maximum stocking density. Chemical washes widely used.
Beef cattle	Growth hormones banned since 1981.	Growth hormones widely used.
Dairy cattle	Bovine somatotropin (BST) hormone banned since 1990. Maximum somatic cell count (SSC) 400,000.	BST widely used. SCC maximum 750,000.
Animals in organic systems	Antibiotic use permitted for therapeutic use on a veterinarian's prescription.	Total ban on antibiotic use.
Pigs	Sow stalls banned since 1999. Ractopamine (beta-agonist used as growth promoter) banned.	Sow stalls legal in 41 states (but banned in California and several others). Ractopamine used in 60-80% of pigs.
Welfare in transport	Maximum legal journey time 12 hours; livestock density set by law.	Maximum journey time 28 hours; no maximum legal stock density.
Antibiotic use	Average antibiotic use in food animals limited to 29.5 mg/kg.	Average antibiotic use in food animals limited to 160.7 mg/kg (except organic).

[†] As of May 2020, US beef was ~20% cheaper than UK beef. However, these prices fluctuate but as recently as January 2020, the price difference was marginal. Source: https://ec.europa.eu/info/sites/info/files/food-farming-fisheries/farming/documents/world-beef-weekly-prices_en.pdf

^{††} In the UK in 2019 (52 w/e 29 December 2019), fresh poultry & game accounted for 94% of the total take home volume of poultry & game purchased. Frozen poultry & game accounted for the remaining 6%. Source: Kantar FMCG data.

^{†††} In UK food retailers (excluding discounters e.g. Lidl) in 2019, fresh meat accounted for 85% of the total sales value of meat products, frozen meat for 13% and ambient meat or substitute meat products for the remaining 2%. Source: Nielsen Scantrack data.

^{††††} The argument is effectively the same as that made by the Conservative MP Gathorne Hardy in opposition to the 1860 Adulteration of Food and Drink Act: "where nothing [is] done that was positively injurious to health, why [should there be] a different law for the sale of articles of food from that which extended to the sale of calico, cutlery, and similar articles? The State ought not to pretend to protect the buyer... in the one case more than in the other".

A pragmatic proposal

I agree that trade deals can be powerful forces for good. And I believe that Neil Parish's amendment to the Agriculture Bill – while noble in principle – would, by attempting unilaterally to force our standards on others, cause unintended damage both to our economy[†] and to our global environmental ambitions.^{††} Trade deals are complicated and require compromise.

I also believe, however, that it is not unreasonable or crazily idealistic to have lines that we will not cross – and that we should require our trading partners, in return for privileged access to our markets, not to cross them either. There is no point leaving the EU in search of greater freedom, only to align ourselves, abjectly, to the values of another trading bloc.

Opinion poll after opinion poll shows that this is a view shared by the vast majority of the British public, from every demographic group. 82% would prefer to retain current standards (IPPR, March 2018; polling by Opinionum, 19-22 January 2018). 93% think food standards should be maintained after EU Exit (Which?, January 2020; polling by Populus 17-18 July 2019). 81% of respondents would be concerned if the UK Government relaxed laws on meat standards to secure trade deals with the USA and the rest of the world (Unison, February 2020; polling by Savanta ComRes, 24-27 January 2020).

These "red lines" would not apply to all farming standards. Some are required for particular reasons in particular areas and do not need to be observed globally.^{†††} (It would clearly be absurd, for example, to apply the same water preservation rules to products from southern Australia and from rain-soaked Wales.) Others, however – including standards of food safety, animal welfare and the prevention of severe environmental impacts (for example, the clearing of rainforest for beef grazing) – should be applied without exceptions. It makes no sense to impose the highest standards on our own farmers, only to transfer the harms abroad in the form of imports.

It is not enough to leave it to global quangos to raise standards. They may be effective at stamping out some of the worst practices, but they will never be able to enforce the best. The World Organisation for Animal Health (OIE), for example, works by unanimity, and its membership ranges from liberal democracies to Islamic theocracies to communist dictatorships. It is inevitably slow to question the moral and ethical principles of its 182 member countries – only 32 of which recognise animal sentience in law.¹⁶⁶

We must work to form trading relationships with like-minded countries that address these problems; and we must be prepared to hold other countries to our standards if they want to trade with us on preferential terms.

Mechanisms already exist to put in place specific trading standards, without requiring the kind of legislative ban that would make trade deals so hard to do. US farmers can certify their pork and beef, for example, to EU standards in order to export them. Likewise, organic farmers exporting milk products into the US must be certified to US standards, where controls on the use of antibiotics in organic food are stricter.¹⁶⁷

Rather than going into trade negotiations with our hands tied by legislation, we should take each deal on a case by case basis. Using similar mechanisms to the US, it would be possible, wherever the two sets of standards diverge significantly, to create tailored certification systems to ensure that food imports into this country meet the same standards we set for our own domestic products. Such certification systems would not be required for trading with the EU, to which we are already so closely aligned, or for deals with other countries that we hope to carry over from the EU.

There are some who argue that imposing any standards at all will push up the price of food. But standards are not the same thing as protectionism. Any new free trade agreements would open our markets to a great many new products from the US, Australia and around the world, thus creating competition and pushing down prices. Using tailored certification systems would allow us to get these deals done without compromising on our core values.

This is still a free trade policy. The EU's agricultural trade policy is openly protectionist: it protects European farmers from competition, whether that competition is fair or not. It applies the same prohibitive tariff on an American steak whether it comes from a barren feedlot or an organic family farm whose cattle are fed beer and given daily massages.

The system I propose here would be much more liberal: all of the products we currently import would continue to come into the UK, and more would be added. It would allow us to continue trading with the EU – which is, if not perfectly aligned with our domestic standards, as close as you can get – with no tariffs and no quotas.

But it would also allow us to get new deals over the line without having to surrender our standards to the pressures of realpolitik.

At present, under EU rules, the poorest developing countries have tariff-free access to our markets whether or not they reciprocate. This is the right thing to do given the UN's Sustainable Development Goal 1 to end poverty by 2030, and I would not propose to restrict it.

The trade deals we do now will last for 25 years. The Government has stated that it wants to have deals covering 80% of UK commerce in the next three years.¹⁶⁸ We must get them right. I believe that this approach – firm on our principles, but more flexible than the legislation proposed by Neil Parish and others – offers the best chance of reconciling all our competing interests.



Recommendation 1 for Government

The Government should only agree to cut tariffs in new trade deals on products which meet our core standards.^{†††} Verification programmes – along the lines of those currently operated by the US Department of Agriculture to enable American farmers to sell non-hormone-treated beef to the EU – should be established, so that producers wishing to sell into the UK market can, and must, prove they meet these minimum standards.

These certification schemes should not only cover animal welfare but also environmental and climate protections where the impact of a particular product is severe (for example, we should not cut tariffs on beef reared on land recently cleared of rainforest).

The full set of core standards should be defined by the newly formed Trade and Agriculture Commission.

[†] Since even the European Union is not compliant with the full panoply of UK food standards, we could be left trading on WTO terms with the UK's largest trading partners – the EU and the US – as well as many other countries. One of the prices of being a global leader on animal welfare is that most of our trading partners are well behind us.

^{††} At the same time, there are no UK standards that require beef not to be grown on land cleared of tropical rainforest – for the obvious reason that there are none in the UK. (Or at least they were cleared many thousands of years ago.) Even if it were workable, requiring our trading partners to meet UK standards would not eliminate the environmental harm that we should try to avoid in our trade policy.

^{†††} Indeed, some environmental standards are not required universally even in the UK. Restrictions on farmers' use of nitrate-based fertilisers are stricter in designated Nitrate Vulnerable Zones than elsewhere.

^{††††} While this would not amount to an outright ban – which could be challenged in the WTO – the UK's tariffs on imports of animal products without a free trade agreement are sufficiently high that very little non-compliant product would be imported.

Compromise and Scrutiny

Compromise is not in itself a mark of failure. On the contrary, it is the prerequisite of every successful negotiation. As the UK Government conducts its trade negotiations with the world, it will need to combine idealism with realism, reflecting carefully on what compromises it will and will not make.

Only ministers can conduct these negotiations. There is a long-standing (and pragmatic) precedent that Parliament does not involve itself in every offer and counter-offer of complex treaty negotiations. But it is important that Government decisions – especially those with such deep and long-lasting consequences as international trade deals – should be open to scrutiny from both Parliament and the public. Scrutinised decisions are likely to be better decisions. Moreover, it is important for the democratic legitimacy of these deals that they be made in a spirit of openness.

This is why every major trading nation or bloc has a process for scrutinising its own trade agreements before they are ratified. There are two elements to this process, although not all countries use both. The first is a Government-commissioned assessment of the impact of any new trade deal on, variously, the economy, society and the environment. The second is a requirement for trade agreements to be formally approved by the legislature. In Figure 5.5 we show some of the ways that other trading nations (the G7 and the antipodean countries) go through this process.

Figure 5.5

Scrutiny of trade agreements

	Impact assessment	Legislative approval
Australia	The government completes a National Interest Analysis and a Regulation Impact Statement once negotiations are concluded. These documents mainly cover economic and fiscal impacts. They are reviewed by the Joint Standing Committee on Treaties (a cross party committee similar to a select committee), which reports on them before the implementing legislation goes to Parliament.	Parliament must vote on legislation to implement the trade agreement only where it requires changes to national laws. However, tariffs are set in statute in Australia so this also effectively gives Parliament a vote on trade treaties. For TTIP, for example, the House spent two days debating the treaty and the Senate one day.
Canada	The government carries out a wide-ranging assessment of the impact of any trade agreement. Since 1999, this has included a Strategic Environmental Assessment. A draft assessment is released when negotiations begin and a final assessment when they conclude.	As in Australia, Parliament does not have a formal vote on treaties. The executive must lay a deal before Parliament for 21 days, before any action to implement the agreement is taken. But again, as in Australia, Canada's tariff is set in statute. So Parliament inevitably needs to vote on the deal as a whole as well as any implementing legislation. CETA was debated by the House for thirteen days and the senate for four days with eight days of committee hearings.
EU	Independent consultants perform a Trade Sustainability Impact Assessment (TSIA) to consider the impacts of the deal on the economy, society, and the environment. The TSIA is published before the agreement is finalised and the European Commission must explain how it proposes to respond to it.	The International Trade Committee of the European Parliament reports on the proposed agreement. To be ratified, it must have the approval of a majority of members of the European Parliament. It then goes to the Council of the European Union (informally known as the Council of Ministers) for their agreement by qualified majority (55% majority representing 65% of the EU population).
New Zealand	The government prepares a National Interest Analysis (NIA) once negotiations have concluded. The NIA is published and presented to Parliament for the scrutiny process. A parliamentary select committee then produces its own report on the agreement based on extensive consultation before a final decision is made.	Parliament must vote on legislation to implement the trade agreement. In effect this means that the treaty is only voted on by the house if it requires a change in domestic legislation.
USA	The independent US International Trade Commission has a statutory responsibility to provide a report to the President and Congress on the impact of any proposed trade agreement on the US economy. In addition, the US Trade Representative publishes an environmental review of major trade agreements following public consultation.	Congress sets out ground rules for the administration in negotiating trade deals. Once the deal has been negotiated, Congress passes a law to approve the treaty. The treaty cannot be amended, and a vote cannot be delayed by filibuster. The Senate can pass it with a simple majority, rather than a 60/40 majority.
Japan	No formal requirement	The approval of the National Diet (the Japanese Parliament) is required for any trade agreement to come into force.
Switzerland	No formal requirement	All trade agreements must be approved by the Federal Assembly (the Swiss Parliament). If 50,000 Swiss citizens request, they must be put to a referendum.

Because the UK has not negotiated independent trade agreements for almost fifty years, we do not yet have an established procedure for scrutinising them. We must develop one fast.

In February 2019, the Government committed to publishing a scoping assessment at the start of new trade deal negotiations. (The scoping assessments for negotiations with the US, New Zealand and Australia were all published earlier this year.) It also committed to publishing a final impact assessment as each deal concludes.¹⁶⁹ This will cover the impacts on GDP and trade, as well as labour and environmental impacts. Environmental impacts considered will include the likely effects on greenhouse gas emissions, energy and renewables, and other environmental metrics such as resource use and transport emissions.

In addition, the Trade Secretary, Liz Truss, recently announced the creation of a new Trade and Agricultural Commission, to publish a report on the impact of any trade deals on UK farmers.¹⁷⁰ Its remit is to identify new opportunities for British exports; to consider how the Government can ensure that British farmers are not undercut by food produced to lower standards, taking into account the interest of citizens both here and in developing countries; and to set out how we can engage the WTO to raise animal welfare standards worldwide.

This commission is welcome, as is the commitment to publishing a final impact assessment. Together, these measures will give us a more rigorous assessment process than Australia, New Zealand, Japan or Switzerland – as shown in Figure 5.5. However, it will still leave us with weaker assessment arrangements than the USA, the EU and Canada.

Neither of the Government's proposed reports will be independent. The impact report will be produced by the same department – the Department of International Trade – that has been responsible for negotiating trade deals, and that inevitably wants to see them implemented. This creates a clear conflict of interest, and, in my view, will undermine public trust.

Nor will these reports – or the Commission – cover the full range of possible impacts: economic productivity; food safety and public health; the environment and climate change; society and labour; human rights; and animal welfare.

As a newly independent trading nation, the UK should aspire to a "gold standard" level of scrutiny. This would best be achieved by commissioning an independent impact report covering all the possible impacts, which

could be presented alongside a Government response when any final trade treaty is laid before Parliament.

As for legislative approval: the closest thing we have to a mechanism for parliamentary scrutiny of trade deals is contained in the Constitutional Reform and Governance Act 2010 (CRAG). Among a package of constitutional reforms introduced by Gordon Brown's Government, there is a section on the ratification of treaties. This was introduced after Jack Straw (the former Foreign Secretary) expressed incredulity at how easy it had been for him to sign treaties without parliamentary scrutiny.

CRAG was designed for scrutinising all international treaties rather than specifically trade deals (we were still in the EU at the time, so that element was not required). It doesn't serve either purpose very well. The Lords Constitution Committee described it last year as "anachronistic and inadequate".

Here's how it works. The Government must lay a treaty before Parliament for 21 days before it is automatically ratified. A motion to delay the ratification can be put before the House of Commons, but only during an opposition day debate (or, strictly, in the unlikely event that the Government proposes the motion itself). If a straight majority vote in favour of such a motion, the treaty will be blocked for 21 days. MPs can then keep repeating this process *ad infinitum*, as long as they hold each vote within the 21-day period.

Leaving aside the peculiarity of a system that forces MPs to keep batting away an unpopular treaty forever, the logistics are painful. There are only 20 days allocated for opposition day debates in every parliamentary session (which typically lasts for a year). This means there might not be an opposition day debate scheduled at all during the period in which a trade agreement is submitted to Parliament. And even if there is, and the motion is won and the deal delayed, there might not be another opposition day debate within the 21-day window for securing another vote to delay. The longer MPs try to keep up this game of legislative paddleball, the harder it becomes for them to hit the ball.

When it comes to legislative scrutiny of trade deals, therefore, this country is under-served. Indeed, all the countries in Table 5.5 require more parliamentary scrutiny than the UK, with the exception of New Zealand. Like New Zealand, the UK Parliament would have to vote on any "implementing legislation" – any changes to our own laws that would be required as part of a deal. For example, if a trade deal with the USA allowed the import and sale of hormone injected

beef, we would have to make that sale legal in this country. But there would be no debate or vote on the deal as a whole.

The Government has, however, signalled that it is minded to strengthen Parliament's oversight of future trade deals. Greg Hands, Minister for Trade Policy, told the House on 20th July 2020 that the Government would allow relevant select committees the time to produce reports on any proposed trade deals "where practical"; and that it might consider a parliamentary debate on trade deals "subject to parliamentary timetabling".

Making both these things a matter of statutory duty, would, in my view, have no downsides and would considerably improve the quality of the debate.

However – again, like all other nations – any vote after a debate should be restricted to a straightforward yes or no. Allowing Parliament to amend treaties would undermine the vital principle of ministerial responsibility, and make trade negotiations impossible. No other country would agree to a trade deal if they knew it could be altered piecemeal. It is the job of the executive to negotiate treaties, and the job of the legislature to scrutinise them.



Recommendation 2 for Government

The Government should give itself a statutory duty to commission an independent report on all proposed trade agreements, assessing their impact on: economic productivity; food safety and public health; the environment and climate change; society and labour; human rights; and animal welfare. This report would be presented alongside a Government response when any final trade treaty is laid before Parliament. Sufficient time must be guaranteed for the discussion of these documents in the House of Commons, the House of Lords, and by the relevant select committees.

The Government should decide whether this impact assessment function requires the establishment of a new body – similar to those which exist in many mature trading nations including Australia, Canada and the USA – or whether it could be performed by an existing body or by independent consultants (as is the case in the EU).

As a newly independent trading nation, the UK should aspire to a "gold standard" level of scrutiny. This means any impact report should have five key attributes:

1. It should adopt a **holistic** view. It would assess not only the economic impacts of a deal (particularly where it is likely to impact certain groups of citizens disproportionately), but also the environment and climate change, labour practices and human rights (both here and abroad), food safety, public health and animal welfare.
2. It should be **independent**. The purpose of these impact assessments is to help Parliament scrutinise the agreement, and to build public confidence that the deals the Government has negotiated genuinely serve the national interest. Some countries, including the United States, have independent, non-partisan bodies responsible for their trade impact assessments,[†] while others make use of independent consultants whose report is published without prior scrutiny by the executive.^{††}
3. The impact assessment should be performed by **experts**. Those conducting and overseeing the assessment should be selected as recognised experts in their field, and not (like the Trade and Agriculture Commission) a combination of experts and representative groups. There is often a fine line between the two, but recognising the principle is an important first step.
4. The impact assessment function would be **permanent**. The UK will be negotiating trade agreements for several years to come, and each of these will need to be assessed individually. While the Trade and Agriculture Commission will undoubtedly produce a useful report, its six-month term means it will not be able to assess the impact of any agreements concluded after that point. (Which will be most if not all of them.)
5. The impact assessment – and subsequent parliamentary scrutiny – should have a **statutory** basis. There should be a legal obligation for the Government to ensure that the impact assessment is published well before the ratification of any trade agreement, to allow appropriate parliamentary scrutiny.¹⁷¹

Recommendation 3 for Government

The Government should adopt a statutory duty to give Parliament the time and opportunity to properly scrutinise any new trade deal. It must allow time for relevant select committees to produce reports on any final deal, and allow a debate in the House of Commons.

[†] For example, the United States International Trade Commission or the Australian Productivity Commission.

^{††} Such as the European Union's Trade Sustainability Impact Assessments.