

**Landworkers' Alliance submission to the Trade and Agriculture Commission call for evidence
November 12, 2020- submitted online**

How could we address trade barriers to improve UK business competitiveness?

The Landworkers Alliance is a farmers union representing small and family farms that produce for the domestic economy and local supply chains. We are not interested in export opportunities and feel strongly that trade should prioritise domestic food production and sales over exporting food.

Landworkers' Alliance modelling illustrates that 80% of our food can be produced domestically and meet our dietary needs. The remaining 20% of our food will need to be imported (see appendix 1)

Our position is that we should rebalance our trade deficit in agri-food products before pursuing export opportunities. The UK is a net importer of food, agriculture and forestry products, meaning we have a negative trade balance or trade deficit. Of the £23b trade deficit, about 60% is produced in countries with similar climates to the UK. If just a quarter of this currently imported produce was instead produced and consumed domestically, the market for UK-grown produce would grow by more than the total amount handed out in subsidies. Farmers are the first to say they don't want handouts - they want to produce and sell good food and be paid properly for it.

Reducing our imports to 20% of our total consumption might sound like a bold proposal. However, the majority of food and agricultural products imported to the UK are products that we produce ourselves and they come from countries with climates similar to our own. Our current food imports are motivated not by need, but by perverse economic incentives that prioritise GDP and profit. Our current approach to trade is irrational. But more than this, it is socially and ecologically destructive because most of the UK's primary import products are also products we export. We import the vast majority of these products from northern European countries - countries with very similar climates to our own (see appendix 2)

The current situation is that UK agriculture is facing a critical moment of change. The Agriculture Bill removes the sorts of subsidy that farmers are used to, and even though it their income will be replaced by payments for public goods no one really knows how much the payments will be for and for how long and very importantly farmers will only receive payments if they meet very high standards with their farming practice delivering environmental goods at the same time.

If farmers in the UK maintain high standards for environmental and animal welfare practice, they will need to receive a fair price for their products in order to stay financially viable. If the UK allows in food that is produced to lower standards of farming practice- like the classic hormone injected beef (it's the practice of injecting hormones into beef cows in question here or pork injected with ractopamine, or fruit and veg produced using pesticides which are banned in the UK - these food products can and most likely will be sold at a cheaper price, which undercuts UK farmers- meaning they won't be able to compete with the prices of the food produced to lower standards and be driven out of business.

This dynamic would have the impact of either forcing farmers out of business or the UK lowering farming standards so that farmers can compete with the prices of the lower standard products. For example- UK farmers do not currently use inhumane farrowing crates for sows. We worry is that while the government is in the process of negotiating trade deals with any other countries, they may be tempted to trade off our food standards in order to secure a deal. We are firm that maintaining standards on all of our products- not just beef and chicken- with any countries- not just the US- and including in the EU and 'developing countries' risks undermining British and our food safety standards and thereby our farming standards and farm livelihoods.

Therefore if there is a trade-off between lowering standards in order to gain export opportunities for farmers and protecting domestic food producers we advocate for a further protection of the business interests of producers who produce for the domestic economy.

How could UK trade policy best advance the UK's agriculture and food interests? What outcomes would you seek?

The Landworkers' Alliance propose the following three point vision for our future trade of agricultural produce.

- Food that can be produced here is produced and consumed here.
- Food that is imported creates opportunities for ecological regeneration, economic development and social justice.
- Food is exported only when it is ecologically and socially beneficial to do so.

Transitioning the UK food system such that our imported foods are socially and ecologically regenerative, while ensuring that high quality food is affordable and accessible to everyone will require joined up policy across government. The remainder of this report outlines five key strategies for achieving our vision of Positive Trade.

1. World leading trade rules to encourage a sustainable economy

Applying import restrictions can allow the UK to more closely monitor, regulate and control the products that reach our markets. Maintaining strong trade relationships is an important tool in creating food resilience in a politically and climatically unstable world. Strong leadership in trade policy can strike a balance between clear and mutually beneficial trade agreements and promoting social and ecological justice.

Import restrictions can take the following forms:

- Tariffs - Tax on imports for specific product
- Q-quotas - A quantitative restriction on the amount of a product imported
- Tariff Rate Quota - Variable tariffs that shift based on the amount of a product that is imported.
- Non-tariff Measures - Other mechanisms that restrict imports, such as labelling requirements or bans on specific products or additives
- Border Tax Adjustments - A tax applied at the border to ensure that the imported product faces the same taxes as domestic products

The products that come into the UK will enter based on agreements defined either by our default WTO terms, or in alignment with a trade agreement with the exporter country. Trade agreements are negotiated in order to increase access to markets between countries beyond the default WTO terms.

In November MPs rejected amendments to the Agriculture Bill that would enshrine in law the requirement that food imported into the UK must be produced to UK standards. This means that it will fall to each trade agreement to impose these requirements, leaving much wriggle room in the opaque process of trade negotiations. There are complex legalities to navigate to protect our food standards within law and within trade agreements, though conditional tariffs and border tax adjustments are possible mechanisms that should be explored to minimise ecological externalities and level relative costs of production as countries diverge in approaches to tackling climate impact.

Tariff schedules should be used effectively. The default WTO schedules should be set to a high rate of tariff on things we can produce in the UK to incentivise domestic production where it is viable to do so. Preferential market access through trade agreements should only be granted when produce cannot be produced in the UK and when the imported produce actively creates opportunities for ecological regeneration, economic development and social justice.

2) In defining tariff schedules the UK should be asking the following questions:

Can it be produced in the UK?

If it can be produced in the UK this should be the priority. Seasonal tariffs should be used for produce that can be produced in the UK some of the year and are particularly effective in mitigating seasonal horticultural production. Seasonal tariffs are applied incrementally as the domestic production comes into season to protect farmers when supply increases locally. The rate of seasonal tariff should increase in line with harvests and decrease as the extended season ends, including protected cropping.

Is the transport efficient?

Transport can have high environmental costs that are not accounted for. The cost of transport is correlated to the volume of goods already transported on this trade route as investment in port and transport infrastructure and economies of scale reduce per unit transport costs. As price fails to capture the ecological impact of shipping UK tariff schedules should be used to disincentive produce with a high ecological cost of transport, such as goods that are air freighted, requires climate control in shipping or highly perishable goods that require extensive packaging.

Where is it coming from?

Unlike WTO rules for default trade, FTA negotiations are made country by country and trading bloc by bloc. This creates an opportunity to take into account the ecological and social policies and practices of trading partners on a product by product basis. This means that we have the ability to grant market access to trading partners depending on their ecological, animal welfare and social standards.

For wealthy countries this is ideologically simple and politically difficult. Ideologically it is clear that if a country has the domestic wealth to employ regenerative farming practices and worker and social rights then it should. However, some countries, such as the US, will use their political power to gain privileged access to our markets under threat of backlash, despite studies showing that the actual economic impact of such trade deals will be small. The UK must put people and planet before a potential profit that will only be enjoyed by a few elites.

How could we balance protection of consumer and business interests, whilst also offering consumers greater choice, availability and affordability?

Invest in food systems infrastructure for UK

Restricting imports and substituting with produce that is currently exported will not be possible unless significant investment is made in developing the infrastructure to support our food system. For years, infrastructure for the production, processing and distribution of food has been delivered solely through market forces. Government investment has focussed on infrastructure for trade. In turn this has pushed the price of imported produce downward as a consequence of creating opportunities for exports. The result has been a swift and significant concentration of UK food system infrastructure as low priced imports - which have benefited from infrastructure investment - have driven down prices. Producers, processors and distributors then must either expand and benefit from economies of scale or go bust. The result - a massive concentration of the market and a small number of businesses dominating supply chains. Market concentration like this stifles economic prosperity for everyone.

Reversing this trend will require active investment in food supply chain infrastructure for UK produce, to ensure that food produced here will be able to be sold here affordably for shoppers and profitably for producers, processors, distributors and retailers. The case has been clearly made for investment in small abattoirs across the UK, of which two thirds have closed over the past decade alone. There is no shortage of innovation that would enable producers to add value and reach local markets - from milk vending machines to regional cooperative washing facilities for horticulture. Investing in regional food system infrastructure creates economic opportunities and viable livelihoods throughout food supply chains.

Upcoming innovations in transport infrastructure, including drone delivery and driverless technologies, pose the risk of further concentrating market power throughout the sector. Creating opportunities for smaller producers must not come at the cost of outcompeting other smaller supply chain actors. Digital technologies can play a significant role in enabling a diversity of actors throughout the supply chain to thrive, but must be implemented in a way that encourages collaboration and openness such as not to further market concentration.

How could we positively support both ethical trade practices and the interests of developing countries, through our trade negotiations?

Investment and development agendas to realise global food sovereignty

In the coming decades 1.6 billion climate refugees are expected globally, so it is in our national interest that the UK direct development investment in building resilience in the food production capacity of the global south.

Supporting global food sovereignty must be a unified aim across foreign investment, development funds, trade policy and our role within international institutions. When investing abroad, either through foreign direct investment or development funding, investments should be made in infrastructure and local capacity building to support diverse economies and landscapes. When investments are made in agricultural projects local governance models that enable local decision making and local control, such as cooperative models, are crucial. Land purchases that permanently deny local people of their sovereignty should never be allowed.

When engaging in trade agreements the UK has a responsibility not to undermine the sovereignty of local citizens in trade partner countries. Investor State Dispute Settlement (ISDS) clauses have historically enabled companies to sue trade partner countries for losses of profits when governments implement policies designed to protect the welfare of their populations. These disputes come about when a company invests within a country and later finds that a change in policy reduces the profitability of that investment. Any clauses in trade agreements pertaining to resolving investor-state disputes must be resolvable transparently, publicly and should ensure private interests never come before public policy or law.

Increase responsibility of businesses in food supply chains

Trade agreements and incentives, while useful, should not be the sole mechanisms by which the impact of UK agricultural trade is transformed. Businesses have a key role to play in taking responsibility for their supply chains.

In recent years the UK government has shown some progressive leadership in increasing responsibility of businesses over their supply chains. The 2018 Modern Slavery Act requires businesses trading over £36m to investigate and report on their supply chains. The result is that major corporations have been forced to identify and disclose abhorrent supply chain practices, opening this to scrutiny by civil society and public shame. In turn, companies have acted.

At the time of writing DEFRA was consulting on policy requiring companies to take due diligence on the risk posed to forests through their supply chains. These examples represent substantial progress on enforcing corporate responsibility through supply chains and creating mechanisms for reporting and scrutiny. However this cannot be where we stop.

Slavery and deforestation are obviously social and ecological crimes that must be eliminated. When it comes to human rights, the aim must be that all people in the world have the same rights, including access to healthcare and social protections, that we enjoy in the UK.

High Food Standards in the UK protect farm workers in the developing countries

There are strong movements in countries around the world on the transition to agroecological modes of food production, such as organic and regenerative farming. As well as being good for the environment, they have also been proven to be capable of providing high yields, safer working conditions for farmers and farm workers, safer food produce, and facilitate better animal welfare conditions. A decade ago, a report by the then UN Special Rapporteur on Right to Food found that 289 agroecology projects in 57 countries increased productivity by 79% with an average increase of 116% in African countries.

Ensuring that food standards meet British standards would not only benefit the health of UK citizens and our environment but encourage higher standards in nations that wish to export food products to the UK.

As the UK transitions to a post-Brexit world, we have an opportunity to be a global leader and help developing countries make the transition towards better modes of food production. The examples below show how high trade standards have helped countries across the world.

1) Punjab tightened its pesticide standards for basmati rice exports so it could to boost its basmati rice exports to UK and EU. Punjab has been at the hub of chemical-oriented farming in India, which nationwide witnessed more than 31,000 deaths caused because of acute exposure of pesticides in 2019 – without accounting for chronic exposure effects of pesticides. Punjab is now one of the of the states in India to have seen a reduction in pesticide consumption over the last 5 years.

2) Namibia benefiting by setting standards for beef exports – In the beef export trade from Namibia, the existence of the only assurance scheme in Africa setting standards in hygiene, veterinary care and animal welfare has created a trusted, safe and healthy product and ensured that Namibia has grown into Africa's largest exporter of beef to the European Union.

3) Organic banana exports from countries such as Dominican Republic and Ecuador have been increasing to the EU and would be further strengthened by the UK maintaining its high standards. Ecuador is the largest exporter of bananas globally and organic banana imports to the EU increased nearly 15% from 654,000 tonnes to 749,000 tonnes between 2018 to 2019.

4) Kenya aims to ban pesticides which are banned in the EU – Members of parliament in Kenya have been trying to get pesticides banned which are currently banned in the EU. This has led to

Kenya's parliament asking its state agencies to conduct analysis of all pesticides in Kenya and ban those containing cancer-causing ingredients.

With the UK-hosted COP26 and COP15 in China on the horizon, we now have an opportunity to demonstrate global leadership and a progressive vision for trade and food production with high standards.

How could we ensure that animal welfare and environmental priorities are integral to our trade policy?

Our current system of trade is a fundamental driver of global ecological destruction

The desire to produce cheap cash crops for international markets has driven unprecedented expansion of intensive agricultural methods into formerly diverse and abundant ecosystems destroying landscapes and ways of life for rural and indigenous peoples. Add to this the direct ecological impact of transport and wastage in transit and it is clear that free global trade of food is a driving force in ecological destruction.

The social impact of global trade has been fast rising global inequality. Competition through trade has seen the price of food and forestry products drop continually for decades. From the perspective of agricultural producers this drop in price has been mitigated by agricultural subsidies, without which British farming would be all but extinct. The economic pressures resulting from decreasing prices have devastated rural communities across the country. The pace of change caused by globalisation has left regions bereft of employment and opportunities.

Outside of the UK and other rich countries trade agreements open the door not only for import and export of commodities, but also foreign investment. This enables foreign companies to buy land and resources in a country - to develop a mining project or acquire land to produce cash crops such as sugar and palm oil. This often equates to government sanctioned stealing of land and resources from local rural and indigenous people.

We can no longer afford to pursue unquestioned free trade.

Our current approach to trade stems directly from economic theories developed in the 19th century that assume the invisible hand of the market will guide us to positive outcomes. They focus on the economic gains found by allowing countries and regions to focus on producing goods that they produce efficiently, and to trade these goods with other countries for other goods that they produce less efficiently. This is the theory of 'comparative advantage'. Under this theory trade is inherently efficient and all barriers to trade only decrease efficiency.

This theory works well when considering tropical products like coffee and bananas. Certainly, such foods should be produced in tropical regions of the world, where they can grow easily and where trade in these products, if done well, can be a factor that creates economic opportunities. But foods such as this comprise only about a third of UK imports.

'Comparative advantage' is not the only factor.

The theory of 'comparative advantage' relies on the unrealistic assumption that at the point of trade the price captures all important factors. For this to be true every government must have the same environmental laws, human rights laws and fiscal policy. All governments would need to enforce the same border protections and biosecurity measures. All social and environmental costs associated with production and transport would need to be captured within market prices. This is not our world.

In reality there are a vast number of factors that impact production costs in different regions that may be more or less desirable. Higher levels of animal welfare or environmental protection often impact production costs, either through yield or overheads to mitigate risks. Available subsidies and investment opportunities have a clear impact on production costs. WTO rules mandate that subsidies should not directly change costs of production (as this could be trade distorting) but indirect subsidies throughout the supply chain clearly have an impact too. Worker rights and minimum wage levels similarly can have a significant impact on production costs, at the cost of human rights and

wellbeing. When these factors are taken into consideration relative production costs in different countries might be seen less as comparative advantage and more as active exploitation of people and planet.

The Invisible Hand that divides us

Following economic and trade policy based not on vision, but on the emergent outcomes and invisible hand of the free market, will lock the UK into a spiral of increasing inequality of access to food. The rationale behind our model of import and export depends on two key factors:

- 1) UK produce is deemed to have a high value on global and local markets.
- 2) Similar food can be imported more cheaply from abroad.

As a result, it is assumed that UK farmers will benefit from selling at higher value both within the UK and to foreign buyers. Similarly, it is assumed that low income eaters will benefit from buying cheaper produce from abroad. The consequence of this approach to trade is that UK taxpayers are paying farmers to produce food that many can't afford to eat. Imported food is produced more cheaply often due to lower social and ecological standards. With cheap imported food readily available income levels can be pushed downward. All the while the UK exports taxpayer-funded food with high standards and imports social and ecological destruction.

Trade can and should be a force for good, but we need a fundamental rethink of the concept of both free trade and comparative advantage in order to achieve a better trading system, where we use trade rules, tariffs, bans and other measures to achieve a trade system that works to protect the livelihoods of small and family farms, food security, the environment and achieves high standards of animal welfare.

How could we advance global agri-food standards and what can we learn from other countries?

First, when it comes to ecological protection and animal welfare, we must go beyond the baselines set in the UK currently to enable biodiversity and soil health to regenerate globally. We should set high standards for agri-food products imported into the UK to improve farming practice across the world.

Second, whilst the government is focusing on standards of imports, an immediate answer to helping developing countries lies in what UK exports. If the UK wants to help developing countries, it must also ensure that it does not export products such as pesticides banned in UK. Double standards like this are happening today – paraquat is a herbicide banned in the UK, yet we still export it to countries like Mexico, India, Colombia, South Africa and Brazil. Paraquat usage in India has caused hundreds of deaths in just one state – local doctors went on hunger-strike to raise attention to the situation and get the pesticide banned. The European Union has recently agreed to stop exporting pesticides banned in it to other countries, the UK must follow suit.

Third, we must have transparency in trade negotiations. Transparency and democratic oversight is fundamental in ensuring that the UK creates effective trade agreements. The UK currently requires no democratic approval of any trade agreement. Trade agreements can be negotiated in secret, and unless the trade agreement requires a change to legislature - for example to allow the sale of a previously banned product - then the trade agreement can be ratified with no scrutiny whatsoever. This sets the UK apart, with most other major trading countries requiring a greater level of democratic participation.

Beyond requiring adequate time and capacity for parliament to properly scrutinise all trade deals before they are ratified, the UK government should mandate the highest level of transparency and scrutiny to all trade deals and negotiation processes while they are ongoing, making them publicly available. This will enable civil society organisations to play their crucial role in holding the government to account.