

A VISION FOR POSITIVE TRADE

Building global food
sovereignty through trade of
food and agricultural products



Few of us would want to live in a world without coffee, chocolate, bananas, olive oil, oranges and limes. Flavours and spices such as turmeric, vanilla, nutmeg and ginger significantly improve the native and naturalised foods of this wet, temperate climate. Trade is important. We need it and we want it. Where our imported food comes from and how it is produced has profound impacts for food producers in the UK and abroad. It defines the ecological and social impact of our food systems on a global scale. Landworkers' Alliance modelling[1] illustrates that 80% of our domestic food consumption can be produced agroecologically and meet our dietary needs. The remaining 20% of our food will need to be imported.

We offer a vision and rationale to enable UK agricultural imports further food sovereignty both here and globally.

UK food systems can further food sovereignty, not just in the UK, but around the world. Just as the food we produce in the UK should be produced agroecologically and should ensure everyone in the country is nourished with high quality food, our imported produce should aspire to the same aims.

1. Landworkers' Alliance modelling and report on land use. Expected publication Feb 2021

UNBALANCED TRADE BALANCE

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. We can produce these foods here, but we don't. Our current food imports are motivated not by need, but by economic incentives. It is commonly accepted that these economic incentives can be justified as comparative advantage. In reality our current approach to trade is irrational at best, and socially and ecologically destructive at worst.

Most of the UK's imported food 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 [2].

Product (2018)	Value Imported (£bn)	Value Exported (£bn)	from Northern Europe
Cheese	1.69	0.63	77%
Pork	1.54	0.39	85%
Beef	1.38	0.47	88%
Poultry	1.31	0.39	93%
Milk+Dairy	0.92	0.77	91%
Salmon	0.69	0.44	99%
Wheat	0.58	0.23	71%
Lamb	0.37	0.38	18%
Butter	0.37	0.14	88%
Wool	0.35	0.19	22%
Apples	0.32	0.01	41%

THE COST OF FREE TRADE

Our current system of trade drives global ecological destruction and social inequality. While wealthy countries have tightened environmental and social legislation, expecting all countries to implement policies and enforcement in the same way ignores existing wealth disparities. Not all countries have the institutions required to enforce stricter social and ecological legislation. This inequality should not be exacerbated by wealthy countries who exploit weaker social and environmental legislation to take advantage of cheap imports.

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 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.

The result is that UK tax-payer money is spent on subsidising high quality food that many UK residents cannot afford to eat.

'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. COVID-19 has shone a harsh light on the reality of pursuing a trade-first approach to crucial goods and services. Trade might contribute to prosperity in stable times, however in an increasingly environmentally and politically unstable world relying on trade means critical goods - like food and medical supplies - might not be able to reach the people that need them.

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 in access to food. The rationale behind the UK's current 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.

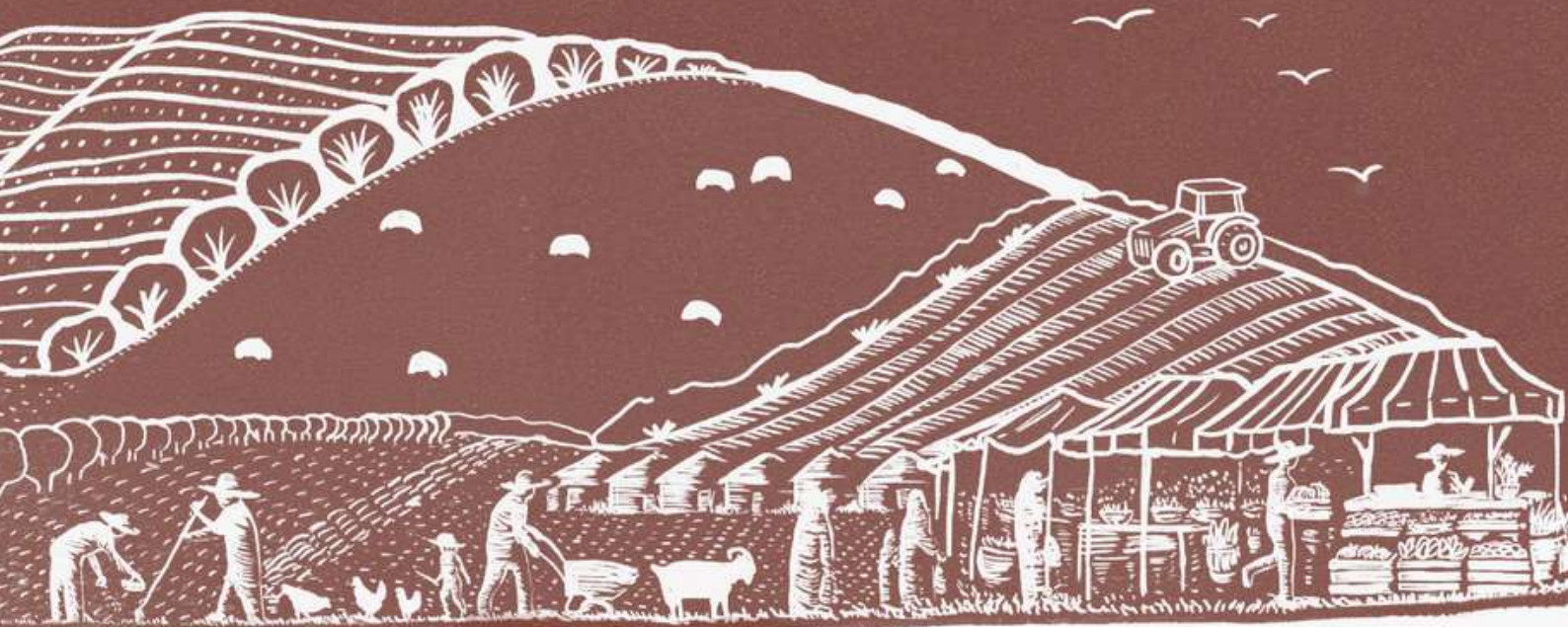
As a result it is assumed that UK farmers will benefit from selling at higher value both within the UK and to foreign buyers. Similarly it is assumed that low income eaters will benefit from buying cheaper produce from abroad. The consequence of this approach to trade is that UK taxpayers are paying 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.

The argument is not that trade is innately destructive. Historically opening the UK food and agriculture markets to trade has brought social and economic benefit. Now, however, trade poses an increasing risk to the welfare of people, farmers, livestock and ecosystems in the UK and around the world. Trade negotiations are political, a tit for tat of tariff exchanges motivated by voter popularity and gaining favour with powerful sectors. This mode of trade is outdated in the 21st century. As a net importing and wealthy country it is time the UK stepped up to its responsibility to realise trade as a force that can reduce global inequality and regenerate the planet.

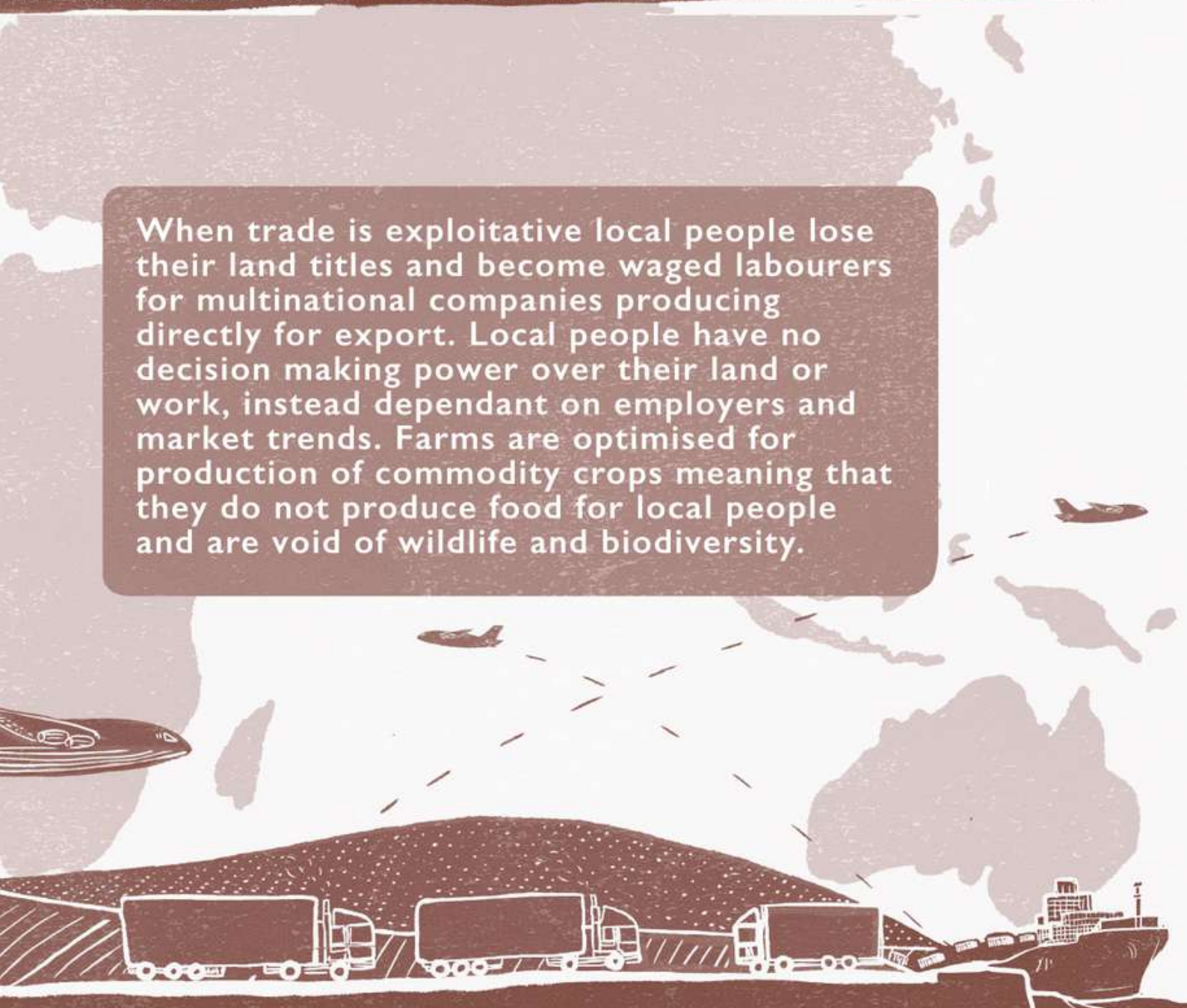


When trade is used to further food sovereignty local people retain autonomy over their land and decision making. Producer networks organise in cooperatives jointly owning and managing infrastructure for processing and cash crops for markets and exports are secondary to feeding and nourishing the community. Smaller, well managed and traditional farming systems support biodiversity using agroecological methods.





When trade is exploitative local people lose their land titles and become waged labourers for multinational companies producing directly for export. Local people have no decision making power over their land or work, instead dependant on employers and market trends. Farms are optimised for production of commodity crops meaning that they do not produce food for local people and are void of wildlife and biodiversity.



A VISION FOR POSITIVE TRADE

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

- 1. Food that can be produced here is produced and consumed here.**
- 2. Food that is imported creates opportunities for ecological regeneration, economic development and social justice.**
- 3. 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.

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 2020, 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

Types of Import Restrictions

Tariffs - Tax on a good applied on import or export

Quotas - A quantitative restriction on the amount of a good that can be imported

Tariff Rate Quota - Variable tariffs that shift based on the amount of a good 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 good is taxed on a level playing field to domestically produced goods. Commonly used to adjust for carbon taxes.

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.

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 government reporting that the actual economic impact of such trade deals will be small [3]. The UK must put people and planet before a potential profit that will only be enjoyed by a few elites.

The impact of holding imports to our own high standards goes beyond protecting shoppers from the risk of low quality produce, and producers from needing to compete on an uneven playing field. After the EU stopped importing basmati rice from India, owing to pesticide residue, nine pesticides that are currently banned in the EU and the UK were banned in Punjab.

Similarly, demanding higher standards of beef production in Namibia led to the country becoming the largest exporter of beef to the EU from Africa. For low income countries, the requirement of higher standards can create economic opportunities alongside social and ecologic gains.

Similar rules on standards should apply to products we export. The UK currently exports pesticides to other countries, manufactured here, that are banned from use in the UK and EU. France is taking a lead and banning exports of pesticides that are not allowed domestically from 2022.

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 supporting 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 or border tax adjustments should be used to disincentivise produce with a high ecological cost of transport, such as goods that are air freighted, require climate control in shipping, or highly perishable goods that require extensive packaging.

Where is it coming from?

Unlike WTO rules for default trade, negotiations for free trade agreements 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. We have the ability to grant market access to trading partners depending on their ecological, animal welfare and social standards.

2. INVEST IN FOOD SYSTEMS INFRASTRUCTURE FOR UK

Restricting imports and substituting with domestically produced goods that are 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. Low priced imports, which have benefited from infrastructure investment, have driven down prices. This, in turn, means that producers, processors and distributors must either invest in expansion and benefit from economies of scale, or go bust. The result - a swift and significant concentration of the market into 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[4], 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 - a healthy food system requires diversity at every level from farm to fork, including logistics and tech providers. 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.

4. <https://apgaw.org/wp-content/uploads/2020/06/The-Future-for-Small-Abattoirs-in-the-UK.pdf>

3. INVESTMENT & DEVELOPMENT AGENDAS TO REALISE GLOBAL FOOD SOVEREIGNTY

In the coming decades 200 million climate refugees are expected globally[5], 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.

4. INCREASE RESPONSIBILITY OF BUSINESS IN 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.

In late 2020 a DEFRA consultation on new legislation that will require companies to take due diligence on the risk posed to forests through their supply chains gained overwhelming support. Over 99% of the 63719 respondents were in favour of amending the Environment Bill with this new legislative requirement.

These examples represent substantial progress on enforcing corporate responsibility through supply chains and creating mechanisms for reporting and scrutiny. Slavery and deforestation are obviously social and ecological crimes that must be eliminated. However this is the beginning of a legislative journey to include global social and ecological rights in law.

From a human rights perspective the aim must be that all people in the world can enjoy at least the level of rights, including access to healthcare and social protections, as we enjoy in the UK. When it comes to ecological protection and animal welfare, the baselines set in the UK currently do not go far enough. To enable earth systems to regenerate globally we must take our lead from countries like Bolivia, and every indigenous culture in the world. The Earth deserves rights to protection, as we would a child - while she cannot take full responsibility for her actions she must be protected by ours.

Clearly there is a long journey between our current legislation and this progressive vision. The overwhelming support in the recent Environment Bill consultation suggests that as a nation we are supportive of new environmental legislation. Government must seize this opportunity to take popular, progressive action.

5.

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.



What will be the legacy of the UK's trade policy?



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Illustration by Rosanna Morris

The Landworkers' Alliance (LWA) is a grassroots union of small-scale, ecological and family farmers across the UK.

We campaign for the rights of producers and lobby the UK government for policies that support the infrastructure and economic climate central to our livelihoods.

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