

Protecting standards in UK food and farming through Brexit



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By James Elliott and William Andrews Tipper

Green Alliance

Green Alliance is a charity and independent think tank focused on ambitious leadership for the environment. We have a track record of over 35 years, working with the most influential leaders from the NGO, business, and political communities. Our work generates new thinking and dialogue, and has increased political action and support for environmental solutions in the UK.

Acknowledgements

Thanks to Jonny Hughes, David Fursdon, Laurence Webb, Cathryn Higgs, Beth Hart, Andy Griffiths, David Baldock, Allan Buckwell, David Mottershead and Kath Dalmeny.

We are grateful to the members of Green Alliance's **Food and Nature Task Force** for supporting this work



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The Green Alliance Trust
Registered charity no. 1045395
Company limited by guarantee
(England and Wales) no. 3037633
Registered at the above address

Published by Green Alliance, June 2018
ISBN 978-1-912393-06-0

Designed by Howdy

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This report is a summary of our analysis
The implications of four Brexit trade scenarios for the sustainability of UK food and farming, downloadable at www.green-alliance.org.uk

The interaction of UK agriculture and trade policy

For the government to deliver its promise to be the first generation to leave the natural environment in a better state, UK agriculture will have to change, from a sector which depletes natural assets, like soil, water and biodiversity, to one that protects and restores them.

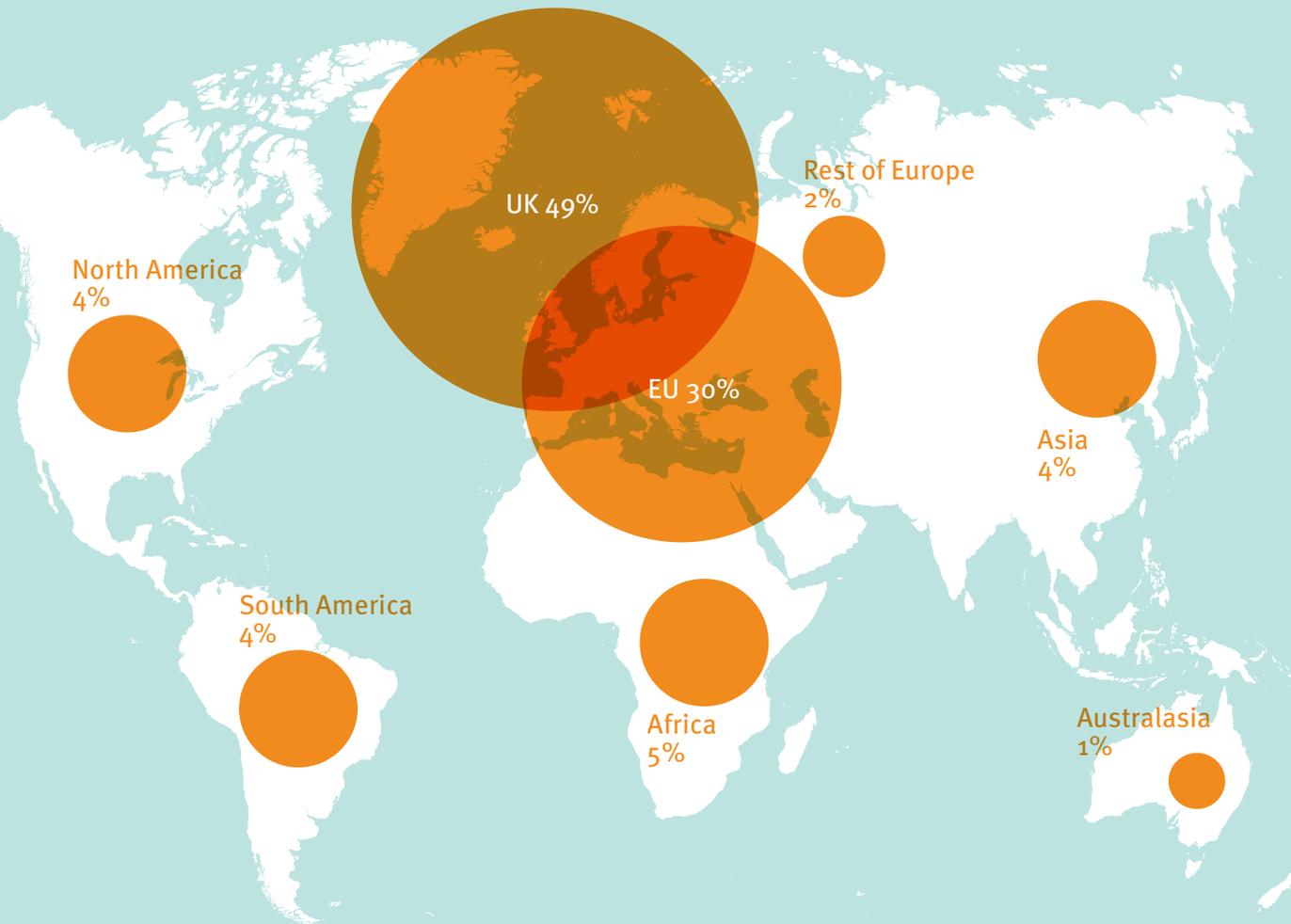
There is already ambition to do this and policies are emerging to make it possible. Most notably, the Department for Environment, Food and Rural Affairs (Defra) has said it will focus future farm payments on environmental public goods.

But, there are two big unanswered questions about food and farming after Brexit. First, how will the new payment system improve the environmental performance of UK food production? In a previous report, we highlighted the danger it could lead to high quality environmental 'oases' surrounded by tracts of degraded farmland.¹

The second, which is the focus of this report, is how future UK agriculture and trade policy will interact. In the UK, we import half of the food we eat. Most food imports currently come from other EU countries, where it is largely produced to the same environmental and welfare standards as the UK.

After Brexit, depending on which new trading relationships the UK pursues, we may end up importing much more of our food from countries outside the EU with demonstrably lower production standards, or which are exposed to significant environmental risk factors like water stress.

Where our food comes from now²

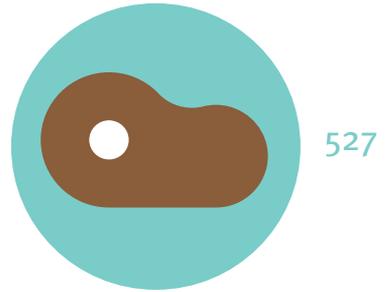


How it could change³

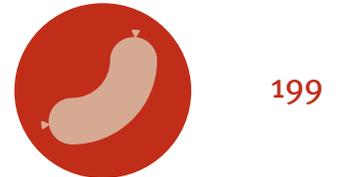
Baseline future imports from outside the EU without Brexit (thousand tonnes)

Estimated future imports from outside the EU after Brexit, if tariffs are removed (thousand tonnes)

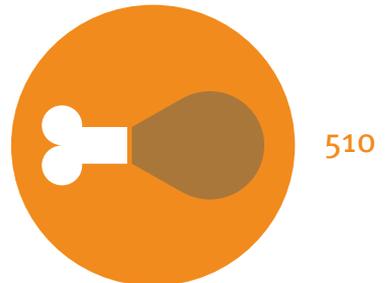
Beef



Pork



Chicken



Butter



Cheese



The impact of future trade relationships

While the government has given assurances that future free trade agreements (FTAs) will not compromise the sustainability of UK food and farming, it has not said how it will ensure this.

Our study shows, that in some scenarios, there would be limits to the government's ability to protect environmental standards. And that, even where powers do exist, it would be likely not to exercise them in circumstances where concluding a trade deal depended on compromise.

We have analysed the potential implications of four trade scenarios the UK might pursue if it leaves both the single market and customs union, two of which would mean the UK defaulted to trading on World Trade Organisation (WTO) terms with the EU.

Four scenarios:

Only Europe: an EU-UK FTA with no new deals outside Europe

Europe and beyond: as above, but with new FTAs with the US and other countries

WTO rules, no EU deal: WTO rules with no EU-UK FTA

WTO rules, no UK tariffs: WTO rules and the UK unilaterally cuts food tariffs

The government's consultation on the future of food, farming and the environment, *Health and harmony*, proposes using trade policy to lower UK food prices.⁴ This could be achieved by cutting import tariffs on food or reducing standards and checks on imports to give cheaper produce easier access, or by doing both. The effects of removing tariffs is revealed in our 'WTO rules, no UK tariffs' scenario. In our 'Europe and beyond' scenario, we assume standards are reduced to conclude FTAs with other countries.

Our analysis shows a variable level of risk depending on the scenario, as shown in the table opposite. But it is clear that where the UK market is opened up to food imports produced to lower environmental standards there would be major risks for the sustainability of the UK's food system.

In this report we summarise the main findings of our study. For the full analysis see *The implications of four Brexit trade scenarios for the sustainability of UK food and farming*, available to download at www.green-alliance.org.uk

Summary of risks associated with different trade scenarios

	Only Europe	Europe and beyond	WTO rules, no EU deal	WTO rules, no UK tariffs
Lower resilience				
Lower standards				
Less control				
Loss of information				
More environmental damage in the UK				
Offshoring health and environmental impacts				

 Major risk

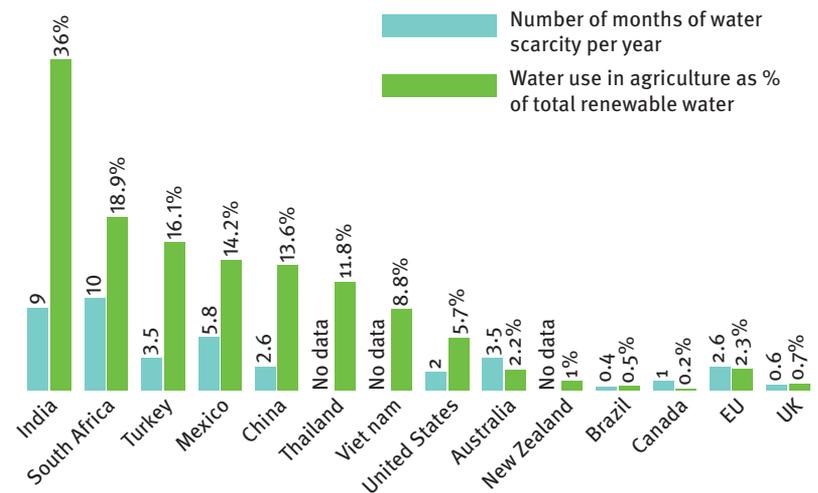
 Minor risk

Six risks

1. Lower resilience

More reliance on food produced in countries vulnerable to climate change impacts, water scarcity and soil degradation will increase the risk of disruptions to UK food supplies. As shown below, water stress is higher in many of the major food producing countries outside the EU compared to the average for the EU and the UK.

Water stress in non-EU countries exporting food to UK^{5,6}



2. Lower standards

Understandably, the UK's future trading partners will be reluctant to agree to bespoke food standards for a small country of only 66 million people. In the case of US imports, even if there is no public consent in the UK for meat produced using chlorine washing or growth hormones, as long as these practices are legal in the US, British consumers will have to accept them (see the examples on pages eight and nine).

3. Less control

There is evidence that food from countries outside the EU is less compliant with its legal standards, designed to protect consumers and the environment. A system based on higher imports from other countries is likely to be riskier overall. For example, in 2014, 6.5 per cent of imported food sold in the EU from other countries exceeded legal limits for pesticide residues, over four times higher than the failure rates for food produced within the European Economic Area.⁷

4. Loss of information

Food labelling and information about its origin and content could be restricted due to non-discrimination rules in trade deals. It has been argued that, if consumers do not like how food is produced, they can choose not to buy it.⁸ But trade agreements could result in less information being given to consumers about how and where the food they are eating has been produced. For example, the US has expressed concern about the EU's country of origin labelling, and labelling based on product quality or production methods such as genetic modification may come under fire if it is seen as prejudicial to trade.⁹

“Trade agreements could result in less information being given to consumers about how and where the food they are eating has been produced.”

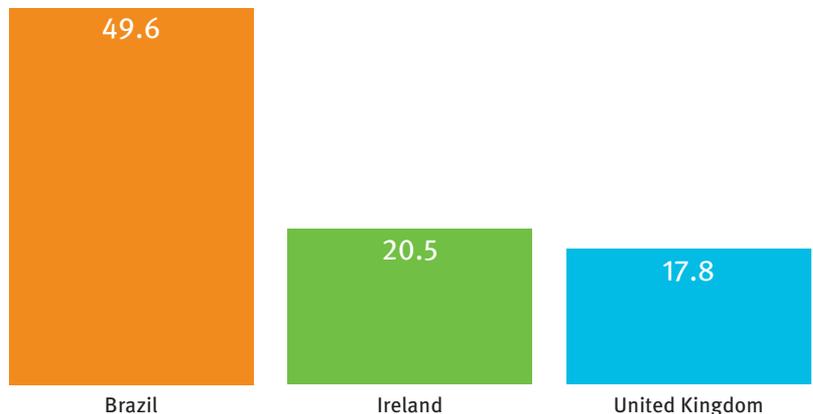
5. More environmental damage in the UK

If UK farmers have to compete against cheaper food from abroad, there will be strong pressure to lower standards to cut costs in the short term. For instance, it is estimated that the ban on neonicotinoid pesticides created £18.4 million in short term costs for UK farmers in 2015-16.¹⁰ Many farmers will want to maintain high standards and compete on quality, but this is a limited market, with only around nine per cent of food bought in the UK falling under 'ethical' labels such as organic, Rainforest Alliance and free range.¹¹ To stay competitive, most farmers are likely to follow a cost cutting strategy, leading to further degradation of the farmed environment.¹²

6. Offshoring impacts

Unless future trade policy is specifically built around high production standards, the UK food system after Brexit could support unsustainable or undesirable farming practices overseas, such as deforestation or excessive antibiotic use in livestock production.¹³ For example, the environmental footprint of beef from Brazil is estimated to be nearly three times higher than the UK, and 2.5 times higher than Ireland, where two thirds of the UK's beef imports currently come from.¹⁴

Relative environmental costs of beef production (£/kg)¹⁵

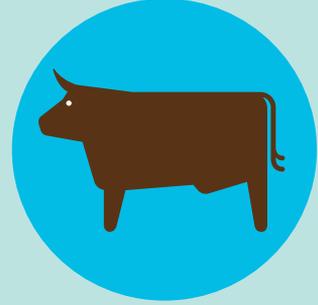


Examples of possible trade offs in a UK-US deal



Maximum residue levels (MRLs) for certain pesticides

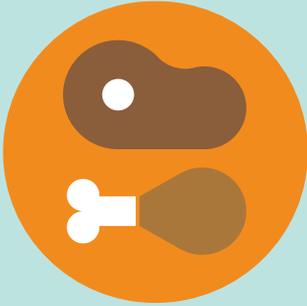
Atrazine, for example, is a herbicide commonly used in the US but banned in the EU for health and environmental reasons.



Bans on production practices

For instance, meat produced using hormones and pathogen reduction treatments, like chlorine washing, are currently not allowed. Regardless of a free trade agreement, the UK may be challenged on these rules through the WTO which ruled against the EU's hormone beef ban in 1997, although an agreement was later reached. However, the ban could be challenged again.

The US has made it clear that securing a trade deal with the UK would depend on us opening up our markets to its food producers.¹⁶ The US has strongly criticised EU rules in a number of areas, so it is likely the UK would make changes to secure a trade deal with the US:



Traceability rules for meat products

The US sees country of origin labelling and animal welfare statements on import certificates as unnecessarily restricting.¹⁷



Restrictions on somatic cell count in milk

This indicates infection in an animal. The EU currently requires a much lower level than the US to ensure milk quality and animal welfare.



Attempts to ban or continue to restrict access to GMOs

The EU's approach to the regulation of genetically modified organisms (GMOs) allows individual member states to enforce bans on GMO cultivation. A precautionary approach to approvals has been criticised by the US.¹⁸ The WTO has previously ruled against an EU ban on GMOs as unscientific.¹⁹

A good future for UK food and farming

There is a huge tension in the government's preferred option of high domestic standards for food production coupled with cheap imports. A trade strategy that is blind to potential environmental harm could undermine or even negate the sustainable farming policy Defra has begun to implement.

Since agriculture does not make a significant contribution to the UK's GDP, there is a high risk it will be used as a bargaining chip to secure preferential access to foreign markets for the UK's more lucrative finance and professional services sectors.²⁰ This raises the likelihood that the government will accept lower standards of production for food imported from abroad.

These consequences are not inevitable. A well designed trade strategy must be aligned and integrated with domestic agriculture and growth policies. Supported by appropriate food regulations and standards, this would benefit UK farmers, consumers and the environment.

Our recommendations

Support high quality food and farming through markets, funding and regulation

Introduce new environmental quality metrics and reporting standards to make it easy for businesses and consumers to judge the environmental sustainability of all the food they buy, whether produced at home or abroad.

Use the new farm payments system to encourage the shift to sustainable food production, not just greening field margins and non-agricultural land.

Maintain existing food regulations and continue to strengthen them over time, based on scientific advice and consumer expectations.

Give the Food Standards Agency (FSA) more resources and a wider remit to oversee environmental risks to the integrity of UK food.

Develop trade policy that supports high quality food and environmental standards

Guarantee UK food and environmental standards will not be weakened in trade agreements, and that all imports meet the same environmental standards as UK produced food.

Use the Trade Bill to require comprehensive, independent and expert-led Sustainability Impact Assessments prior to the conclusion of trade deals; and to mandate robust, meaningful and enforceable environmental sustainability chapters and clauses in all trade deals.

Endnotes

- ¹ Green Alliance, 2018, *Setting the standard: shifting to sustainable food production in the UK*
- ² Defra, 14 November 2017, 'Food Statistics in your pocket 2017 – Global and UK supply'
- ³ Data from J Davis, et al, 2017, *Impacts of alternative post-Brexit trade agreements on UK agriculture: sector analyses using the FAPRI-UK Model*, Agri-food and Biosciences Institute
- ⁴ Defra, 2018, *Health and harmony: the future for food, farming and the environment in a Green Brexit*
- ⁵ The top ten non-EU countries importing food to the UK, by value, are: US, Thailand, Brazil, China, India, South Africa, Canada, Vietnam, Turkey, New Zealand. Mexico and Australia are also included because the UK is likely to seek a free trade agreement with these countries and they are major global food exporters. It is likely more food will be imported from these countries in a scenario where the UK imports more food from outside the EU.
- ⁶ Water scarcity figures from Economist Intelligence Unit, 2017, 'Food Sustainability Index', <http://foodsustainability.eiu.com/resources/>; water use figures from: FAO, 2016, 'AQUASTAT main database', Food and Agriculture Organization of the United Nations
- ⁷ European Food Safety Authority, *Chemicals in food 2016*
- ⁸ See, for example, Policy Exchange, 2017, *Farming tomorrow: British agriculture after Brexit*
- ⁹ Office of the United States Trade Representative, 2017 *National trade estimate report on foreign trade barriers*
- ¹⁰ C Scott and P Bilborrow, 2017, *A further investigation into the impact of the ban on neonicotinoid seed dressings on oilseed rape production in England, 2015-16*, Rural Business Research and the Institute of Agri Food Research and Innovation, Newcastle University
- ¹¹ Defra, 15 September 2016, *Food statistics pocketbook 2016*, chapter 2
- ¹² For examples see: D Baldock, et al, 2017, *Potential Implications of leaving the EU for UK agriculture and the rural environment*, Institute for European Environmental Policy; Cumulus Consultants, 2017, *The potential impacts of Brexit for farmers and farmland wildlife in the UK: report for RSPB*
- ¹³ See for example: FAO, 2015, *Natural capital impacts in agriculture: supporting better business decision making*; Alliance to Save Our Antibiotics, 2018, *Comparison of UK and US antibiotic use by farm animal species*
- ¹⁴ This is based on estimates of the natural capital costs associated with beef production, including greenhouse gas emissions, air, water and soil pollution, and land use change. Some environmental impacts are not included, such as impacts on ecosystems and biodiversity. FAO, 2015, *Natural capital impacts in agriculture: supporting better business decision making*
- ¹⁵ Calculations based on FAO, 2015, *Natural capital impacts*. Original figures in USD, converted to GBP using yearly average exchange rate to 31 March 2018, www.gov.uk/government/uploads/system/uploads/attachment_data/file/696926/average-year-to-march-2018.csv/preview
- ¹⁶ See for example, *The Guardian*, 6 November 2017, 'Trump adviser Ross says UK-US trade deal will mean scrapping EU rules'
- ¹⁷ Office of the United States Trade Representative, op cit
- ¹⁸ Ibid
- ¹⁹ World Trade Organisation, 'DS291: European Communities – measures affecting the approval and marketing of biotech products', www.wto.org/english/tratop_e/dispu_e/cases_e/ds291_e.htm
- ²⁰ For example, in 2016, Gross Value Added from agriculture was £8.2 billion, less than one per cent of total UK GDP. Defra, 2017, *Agriculture in the United Kingdom 2016*

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