

Briefing

A UK trade strategy that aligns with environmental goals

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Why does the UK need a trade strategy?

Four years on from the UK's departure from the European Union, the government has yet to produce a trade strategy. This is a unique opportunity to define the UK's vision as an independent trading nation and, importantly, to set out how trade policy will align with and support the country's ambitious net zero and nature recovery goals.

In the absence of a clearly defined strategy, policy and precedent is being set in an ad hoc fashion as bilateral trade agreements are negotiated. Rushing to advance multiple trade deals without a clear strategy tying them together raises serious concerns about the potential implications for UK industry, consumers, domestic environmental commitments, and international climate and nature impacts.

There has already been significant divergence in the first new Free Trade Agreements (FTAs) signed, exemplified by the varying climate commitments agreed in the UK's deals with the EU, Australia and New Zealand. While the UK-EU Trade and Cooperation Agreement includes the fight against climate change as an essential element and reaffirms commitment to the 1.5°C target in the Paris Agreement, there is no mention of this target in the UK-Australia FTA.

The cumulative effect of even incremental divergence in future negotiations could seriously undermine the delivery of domestic commitments to reach a net zero carbon economy and recover nature, if not underpinned by a trade strategy that sets out how the UK will approach climate and environmental considerations in negotiations. It would also provide an opportunity for the UK to set out how its work in multilateral spaces such as the World Trade Organisation (WTO) can aid its wider goals.

Public trade strategies are common

There is plenty of precedent for developing a public trade strategy, both domestically and amongst the UK's trading partners. In 2018, the government published a trade white paper which set out how it would go about developing a transparent trade policy.¹ While the public consultation generated enormous interest, with over 8,000 responses, the white paper was withdrawn in 2020 and has not been revisited.

Since then, the government has produced some cross cutting strategy documents which feature trade, like the recent Integrated Review.² The former Department for International Trade also produced various reports and strategy documents, like the Board of Trade's report on green trade, and the department's Outcome Delivery Plan.^{3,4} However, many of these documents are somewhat outdated, all are high level and, even when taken together, they do not constitute a coherent UK trade strategy framework to guide decision making across the various dimensions of trade policy.

Despite the lack of progress to date, it is not uncommon for both independent trading nations and trade blocs to publish trade strategies, and several of the UK's major trading partners have done so – including the US, the EU and New Zealand.^{5,6,7} This is clearly a valuable exercise, as explicitly articulated priorities give negotiators a firm mandate which strengthens their hand in negotiations. It shows that their positions are based on domestic political consensus and strengthens government cohesion on the broader suite of critical trade policy decisions beyond the negotiation of FTAs, helping to ensure outcomes align with and advance domestic policy objectives.

For years there has been a growing chorus calling on the government to spell out its trade strategy from parliament, civil society and industry. The statutory scrutiny committees, including the former International Trade Committee (ITC) and the International Agreements Committee (IAC), have made this recommendation repeatedly in their assessments of new FTAs signed since leaving the EU.^{8,9}

In their report on the recent UK-Australia FTA, the IAC summarised the issue well, stating that “it is regrettable that the agreement cannot be placed within the context of a published trade policy. We ask the Government to publish a comprehensive trade policy before it signs another trade agreement with a major economy. This will enable trade policy to be understood in relation to other policy priorities, to see how government assesses the impacts and trade-offs of trade liberalisation, to set the Negotiating Objectives in context, and to inform public consultation and Parliamentary scrutiny.”¹⁰

How should a trade strategy be developed?

The development of the government's 2018 White Paper showed the breadth and depth of public interest in the shaping of a new UK trade policy, generating over 8,000 responses. Meaningful public consultation is an essential component of effective policy making and is standard practice – public consultation and scrutiny are indispensable in ensuring a wide range of expertise is involved in decision making. The government should seek to involve a diverse range of stakeholders in the development of any trade policy given the crosscutting impact that international trade decisions have on the UK economy, consumers, businesses, and partner countries. Having a wide range of voices involved in the policy design process helps to deliver better outcomes for everyone.

Any trade strategy should also build in regular opportunities for review and revision to ensure it remains fit for purpose and responds to an up-to-date picture of the nature of the UK's trading relationships and the state of geopolitics.

What should a trade strategy include?

There are some basic elements that any net zero and nature recovery aligned trade strategy should include to ensure it is effective at delivering for the economy and the environment.

It is also important that a strategy helps to move the conversation beyond high level objectives to setting out the concrete principles, frameworks and tests to guide the development of preferred policy interventions.

Good work has already been done in this space. For example, the UK Trade Policy Observatory has published a report on a comprehensive UK green trade strategy, which sets out the range of options available to align UK trade policy with domestic environmental objectives, and the Climate and Trade Commission has proposed developing a strategic climate and trade policy.^{11,12}

A UK trade strategy should:

1. Cover the whole scope of activities of the Department for Business and Trade (DBT).
2. Specify DBT's strategic objectives across all work areas.
3. Outline how these objectives align with, and contribute to, the delivery of the government's environmental priorities, including net zero and nature recovery.
4. Set out how these objectives will be achieved, including the processes, skills, data, technology, resourcing etc, required to deliver them.
5. Set out how and where DBT processes link into other departments, and where additional join up is needed, for example where DBT will lean on the expertise of other government departments to inform policy development and support delivery.
6. Identify potential risks and opportunities, and address how the risks will be mitigated and the opportunities maximised.
7. Clearly set out the roles and remits of the various DBT advisory bodies and stakeholder groups, including the Board of Trade, and explain how these will respectively inform DBT policy making.
8. Demonstrate how DBT's objectives reflect and incorporate public and parliamentary input.
9. Set out how DBT's performance against its stated objectives will be assessed, how often goals and objectives will be reviewed, and what the process will be for reviews and updating the strategy.

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Endnotes

¹ Department for International Trade, January 2018, [*Trade white paper: preparing for our future UK trade policy*](#)

² HM Government, March 2023, [*Integrated review refresh 2023: responding to a more contested and volatile world*](#)

³ Board of Trade, July 2021, [*Green Trade*](#)

⁴ Department for International Trade, July 2021, [*DIT outcome delivery plan: 2021 to 2022*](#)

⁵ Office of the US Trade Representative, [*Strategic plan FY2022-FY2026*](#)

⁶ European Commission, February 2021, [*Trade policy review - an open, sustainable and assertive trade policy*](#)

⁷ New Zealand Foreign Affairs and Trade, 2019, [*Trade for all agenda*](#)

⁸ International Agreements Committee, October 2022, [*UK trade negotiations: parliamentary scrutiny of free trade agreements*](#)

⁹ International Agreements Committee, March 2023, [*correspondence to the Secretary of State for Business and Trade*](#)

¹⁰ International Agreements Committee, June 2022, [*Scrutiny of international agreements: UK-Australia free trade agreement*](#)

¹¹ UK Trade Policy Observatory, October 2021, [*Towards a comprehensive UK green trade strategy*](#)

¹² UK Climate and Trade Commission, December 2022, [*Towards a fair and strategic trade and climate policy*](#)