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Are we getting a good deal?

UK trade policy and the environment post-Brexit



What has happened since Brexit?

Leaving the European Union meant the UK could agree its own trade deals for the first time in over 40 years. The Conservative manifesto in 2019 set an aim “to have 80 per cent of UK trade covered by free trade agreements within the next three years”.¹ However, rushing to advance multiple trade deals in an ad hoc fashion raised serious concerns about the implications for UK industry, consumers, domestic environmental commitments, and international climate and nature impacts.

There was 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 the UK-New Zealand FTA affirms each party’s commitment to implement the Paris Agreement and references its target to keep global warming below a 1.5°C increase above pre-industrial levels, there was no mention of this target in the UK-Australia FTA.

Most notably, from an environmental perspective, the UK-Australia FTA gives Australian farmers preferential access to the UK market without any environmental or animal welfare conditions attached. The deal includes sizeable tariff-free quotas on products produced to lower standards than the UK and means, for example, that there could be a large increase in the import of Australian beef produced on deforested land or food products produced using harmful pesticides banned in the UK.

This comes at a time when the UK is pursuing agricultural reform. But the impact of the UK-Australia FTA could undermine the transition to a more sustainable farming system in the UK, as farmers are forced to compete with cheap, low quality imports. Indeed, former Secretary of State for Environment, Food and Rural Affairs George Eustice called the Australia deal “not actually a very good deal for the UK”.²

Future trade strategy

The current government has committed to publishing a trade strategy, which is very welcome. The House of Lords International Agreements Committee summarised the previous inadequate situation, following the agreement of the UK-Australia FTA, 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.”³

A coherent framework to guide decision making across the various dimensions of trade policy would be valuable. It would give negotiators a firmer mandate in negotiations and strengthen 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.

A vision for an independent trading nation

The trade strategy is an important 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 UK's ambitious net zero and nature recovery goals.

The trade strategy should:

- Cover the whole scope of activities of the Department for Business and Trade (DBT).
- Specify DBT's strategic objectives and outline how these objectives align with, and contribute to, the delivery of the government's environmental priorities, including net zero and nature recovery.
- Set out how these objectives will be achieved, including the processes, skills, data, technology, resourcing etc., required to deliver them.
- 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.
- Identify potential risks and opportunities, and address how the risks will be mitigated and the opportunities maximised.
- 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.
- Demonstrate how DBT's objectives reflect and incorporate public and parliamentary input.
- Set out how DBT's performance against its stated objectives will be assessed and what the process will be for reviews and updating the strategy.

Standards to protect businesses and consumers

The UK government should also commit to a process to develop a set of core environmental standards to underpin trade negotiations. This would mean having minimum sustainability thresholds for all imported agri-food products, as well as those produced domestically.⁴ These standards should be designed and implemented to protect UK businesses and consumers, without disadvantaging developing economies. This would create a level playing field for UK food producers and give the public greater confidence in the quality and sustainability of food they buy.

Better parliamentary scrutiny

Underpinning all this should be an improved system of parliamentary scrutiny around trade. The Constitutional Reform and Governance Act (CRAG) 2010 needs reform to ensure a fit for purpose parliamentary scrutiny system for trade agreements.

There is no requirement to make time for parliamentary debates or votes on trade agreements. This meant that no debate took place under CRAG in the House of Commons on recent trade agreements, including the UK-Australia FTA and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

The government should ensure that a Commons debate is held in parliamentary time and guarantee a vote for MPs on the content of agreements, as recommended by the Public Administration and Constitutional Affairs Committee and Business and Trade Committee, amongst others.^{5,6}

Broadly, frontloading scrutiny, rather than delaying it until the end of a negotiation process, would allow support to be built and controversial issues to be resolved as they arise. And this should include regular and meaningful consultation with devolved governments and wider stakeholders, including civil society organisations.

Improving relations with the UK's biggest trading partner

Last, as the government has already recognised, a vital area to progress is improving the UK's relationship with the European Union. Addressing weaknesses in the relationship with the UK's largest trading partner will be crucial to drive growth. Opportunities should be used under the Trade and Cooperation Agreement to do this, such as on carbon pricing, via linking the UK and EU emissions trading schemes. New mechanisms should also be designed to promote shared ambition and joint environmental action.

Our four recommendations to the UK government on future trade policy:

1. **Publish an ambitious trade strategy** that outlines how trade policy aligns with and contributes to the delivery of the government's environmental and other priorities.
2. **Establish a process to develop core standards** that underpin trade deals.
3. **Modernise parliamentary trade scrutiny processes**, particularly reforming the Constitutional Reform and Governance Act 2010.
4. **Use the upcoming EU-UK summit to progress emissions trading scheme linking negotiations**, with the aim of concluding these as soon as possible.

Endnotes

- ¹ The Conservative and Unionist Party, November 2019, *Get Brexit done, unleash Britain's potential*
- ² House of Commons Hansard, 14 November 2022, *Australia and New Zealand Trade Deals*
- ³ International Agreements Committee, June 2022, *Scrutiny of international agreements: UK-Australia free trade agreement*
- ⁴ WWF, January 2022, *Core environmental standards*
- ⁵ Public Administration and Constitutional Affairs Committee, 23 January 2024, *Parliamentary Scrutiny of International Agreements in the 21st century*
- ⁶ Business and Trade Committee news article, 28 March 2024, *Committee Chair: Government 'must stop dodging scrutiny' of trade deals*

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Green Alliance's Legislation and Governance Unit

This unit is a unique hub, offering expert knowledge sharing and detailed analysis of legislative and policy changes relevant to the environment. It monitors and influences environmental legislation, regulation and governance and provides detailed advice and responses to parliamentarians, government officials and the environment sector.

Green Alliance

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