

Feedback from the Trade Justice Movement on the white paper *Preparing for our future UK trade policy*



November 2017

The Trade Justice Movement (TJM) appreciates the opportunity to respond to the white paper on *Preparing for our future UK trade policy*. TJM is a UK coalition of nearly seventy civil society organisations calling for trade rules that work for people and planet. Our members include trade unions, aid agencies, environment, social justice and human rights campaigns, Fair Trade organisations and consumer groups.

TJM considers that international trade must be judged in relation to its ability to meet the global challenges facing us – poverty, inequality, social injustice, climate change and environmental degradation. Trade is not an automatic good or end in itself, but a tool to enable people to live in dignity, advancing living standards, wages, and rights and accelerating the transition to an economy that does not destroy the resources and natural support systems on which all of us depend. Trade policy must be subject to environmental standards, human rights, climate rules, workers rights and other public policy goals, and must not undermine or override them.

Inclusive and transparent trade policy

TJM welcomes the recognition in the white paper that trade policy development must be transparent and inclusive. However, this cannot be achieved through a stakeholder engagement programme as the white paper seems to envisage. In particular, Parliament should not be treated as just one stakeholder among others.

The white paper mentions the need to respect the role of Parliament. The scope of trade policy and trade agreements has been greatly extended in the decades since the UK last had an independent trade policy. The upcoming trade bill needs to update the ways in which trade policy is accountable to Parliament, requiring:

- **Parliamentary agreement on a mandate for each trade negotiation, with a remit for the devolved administrations**

Before embarking on a trade negotiation, the executive should be required to get parliamentary agreement that the process can begin, including setting objectives, red lines and boundaries for the negotiations. Such a mandate can strengthen a government's negotiating position.

Parliament's agreement should be informed by independent assessments forecasting the likely economic, social, environmental and human rights impacts of the proposed deal including a gender analysis. The results of these assessments must be published, and they should always include evaluation of impacts on developing countries, either as direct or third parties to the negotiations. Such assessments can enable learning and ensure proposals are amended and adjusted as needed.

- **Public consultation as part of setting that mandate**

Public debate and the opportunity to input through a consultation should be a key part of setting a mandate. By comparison, in the US, public consultations lasting 90 days are required before initiating any trade negotiations.

Public consultation must also be informed by the published impact assessments, communicated in plain English.

- **Transparency during negotiations**

Trade negotiations are matters of public policy, not commercial negotiations, and therefore should not be handled secretly. For instance, trade negotiations are not more important or sensitive for our future than climate negotiations, and the same levels of transparency should apply.

The consistent direction of movement of the EU is toward increased transparency in negotiations and the UK should not reverse this but instead go beyond it.

- **Parliamentary scrutiny during negotiations**

Modern trade negotiations touch on a wide range of domestic policy issues, from jobs to health to environment to food safety and beyond. They should be subject to an equivalent level of enhanced scrutiny as domestic policy.

This scrutiny of negotiations is distinct from the existing remit of the International Trade Committee to examine the expenditure, administration and policy of the Department for International Trade.

- **Parliamentary approval of a final trade agreement, with full debate and vote, and a remit for the devolved administrations, before any agreement can be implemented**

An affirmative vote by parliament should be required to conclude a trade deal. For comparison, this is the case for the European Parliament and the US Congress. The practice of provisionally implementing a trade agreement before a vote or full ratification should be excluded.

- **Provision for future Parliaments to review trade agreements and withdraw from them in a timely manner**

The ability of existing and future governments to review and reverse policy decisions made by previous governments is an important democratic principle. Parliament should have the ability to initiate such a review.

Currently many trade agreements include clauses that bind future governments for 10-20 years even after leaving an agreement. Future trade policy should not include this in new agreements.

These are fundamental procedures that need to be in place to operate an independent trade policy. They must be included in the trade bill.

The procedures outlined are commensurate with the profound effects that modern trade deals have for our economy, society and environment and impacts on the rest of the world. They should be followed for all trade negotiations and agreements, including attempts to replicate existing EU trade agreements with third countries. There should be no attempt to introduce replicated EU trade agreements through secondary legislation without Parliamentary scrutiny.

Unilateral trade preferences

TJM also welcomes the commitment to maintain duty-free quota-free non-reciprocal access for least developed countries. However, the proposal to replicate the EU's reciprocal EPAs is problematic as they have been very controversial and undermine development. Instead the government should take the opportunity to re-set strained relationships with developing countries and put something better on the table.

To maximise the developmental impact, the UK should not replicate EPAs but should instead:

- extend the country coverage of the duty-free quota-free scheme
- extend the product coverage of general preference schemes (GSP and GSP+) to include products that are exported by a broader range of developing countries

- improve the operation of the duty-free quota-free scheme by simplifying rules of origin and maximum regional cumulation
- improving the operation of the GSP/GSP+ scheme by reducing tariffs

An improved preference scheme is an attractive option. It is unilateral so does not require negotiation and would ensure continuity. It would comply with WTO rules and the UK would be joining a host of other leading economies including the USA, Japan, Australia, New Zealand and Norway which operate similar schemes.

The UK should assess the developmental impact of all its trade deals, not just those with developing countries, both on trade flows and policy space.

During the passage of the Trade Bill, the UK should make a public commitment not to enter into trade agreements with developing countries that:

- restrict policy space for economic and social development (including job creation, women's rights, industrial policy and tackling inequality), environmental policy, climate action, delivery of public services or achievement of other public policy goals
- require liberalisation that threatens to undermine domestic economies and producers who may not be ready to compete with international imports and multinational companies, and thus locking developing countries into low value-added industries, perpetuating a race to the bottom in wages
- include 'trade-plus' issues such as investment, services, procurement, intellectual property or ecommerce, which restrict governments' ability to regulate in the public interest
- undermine regional integration, regional trade or South-South development cooperation and trade

Trade policy must incorporate the UK's commitment to implementing the Sustainable Development Goals, and the Paris Agreement. It must also be fully consistent with the UK's existing commitment to implement the UN Guiding Principles on Business and Human Rights.

For any further information please contact:

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