

Environment, Food and Rural Affairs Committee

Inquiry into Brexit: Trade in Food

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Challenges and opportunities of the UK food and farming sectors

Belonging to the EU creates a level playing field amongst the 28 Member States. When trading within the Union, this means that access to other Member States (lack of customs and tariffs), similar health, safety, and labelling standards, and traceability requirements are similar. Additionally, this means that British products are protected against exports from outside the EU. On the day of exit – unless a trade agreement is agreed upon – the UK would be out of this level playing field and open to trade under WTO rules and obligations.

Implementation

New trade arrangements could have damaging impact on the UK food and farming sectors if these arrangements result from a series of bilateral agreements rather than a wide-ranging agreement. Dealing with various bilateral agreements will be complicated, burdensome and time-consuming to implement.

Enforcement

The issue of enforcing these (bilateral) agreements would be difficult unless a specific court or a panel of arbitrators would solve the issues arising from the agreements. A good example of the problem of enforcement is Switzerland. Trading relationships between the EU and Switzerland are based on bilateral agreements. First, when assessing these relationships, the EU is in a more favourable position as it is the stronger party of the two. Second, if the EU is not abiding to its commitments, because there is no court or dispute settlement mechanisms to solve issues arising from these agreements, Switzerland is at a disadvantage as the weak party to the agreement. In contrast, if Switzerland is not compliant with its obligations under the agreements, it is much easier for the EU to put pressure (mainly economic and political) on Switzerland to ensure Swiss compliance.

Food origin and food quality

To address the challenges created by Brexit, any future trade deal should maintain a regulatory structure that supports the UK food and farming sectors to produce premium products with high environmental, health, animal welfare and labour standards. Increasingly consumers carefully look at food traceability and labelling. The public also seeks food quality indicators by scrutinizing EU logos that show the origin and quality of foods, such as the Protected Designation of Origin (PDO), the Protected Geographical Indication (PGI) and the Traditional Speciality Guaranteed (TSG) logos. These origin and quality logos, such as the Welsh lamb

PGI indicator, must be maintained after Brexit. This would create certainty for farmers to export their products into the EU and maintain the same level of premium pricing.

Remaining in line with EU standards

On the day of exit, the UK will no longer be part of the EU discussions to develop safety and environmental standards but will have to abide by them to trade with the EU. This phenomenon is called the ‘Brussels effect’ or ‘extra-territoriality’ of EU legislation and standards. As a consequence, the UK will not be able to deviate from set EU standards. Amended UK standards will have to be equivalent or higher but not lower.

Removal of farming support

In the case where support to farmers would be removed, the cost of UK food production would increase and put British products at a disadvantage against the competition from EU products that are heavily subsidised. This could lead to the disappearance of the less competitive British farms, in particular those in the uplands.

Trade policy objectives

Trade policy objectives should be carefully balanced between the interests of food consumers, producers and processors, and the environment. To do so, consumer interest should come first. Two main pathways – that are not mutually exclusive – exist to achieve such an equilibrium:

- Green and sustainable growth

A UK trade policy must expand economic and trade opportunities for all whilst addressing environmental pressures and strengthened ecosystem services. Dynamic instruments and mechanisms that would foster green growth and sustainability in the UK (and worldwide) should be preferred and expanded.

- Circular economy

Establishing a trade policy aiming to ‘close the loop’ of product lifecycles through greater recycling and re-use, ie keeping ‘waste’ for as long as possible in the economy must be central. It would bring benefits to both the environment and the economy.

Devolution and related arrangements and mechanisms

UK policy on agriculture

As the three dimensional relationship that existed between the EU, the UK and the devolved administrations evolve, inter-parliamentary mechanisms between the four nations of the UK should be strengthened to ensure that the interests of each and all will be considered.

A UK wide policy on agriculture could set minimum standards that the devolved administrations could improve on. However, such a framework would mean that powers, which are currently devolved, such as agriculture and environmental protection, would no longer belong to the devolved authorities but to central Government. Practically, the devolved

administrations would not be able to legislate on or amend provisions and matters that do encroach on previously devolved powers if these fall under the remit of this UK wide bill on agriculture.

Maintaining the UK single market

To maintain and support the UK single market, central government has asserted that a UK-wide framework for agriculture will be established to thereby guarantee the free trade of agriculture products across the four nations of the UK.

Changes to trading arrangements – including the improvement of production and reduction of trading costs

The Government, farmers, food producers and processors must prepare for a trade deal with the EU that will not be as financially and economically advantageous as today. Higher customs and tariffs would increase the price of EU products coming into the UK and UK products exported to the EU. Further, inspections and checks at the border – relating for instance to food safety, protection of animal and human health to prevent diseases being transported from the UK into the EU – would increase in numbers. Higher costs of products would ensue because of longer periods of time needed to transport products across borders, the increased likelihood of perishable products being spoiled and livestock becoming more distressed. Again, this would increase the prices of EU products in the UK and British products in the EU. This is a situation that must be seriously envisaged and any future trade agreement should aim at minimising these changes.

Increased productivity on the farm to ensure food security within the UK must be paramount. First, because – depending on the type of trade deal the UK gets – it could be harder for products to come into the UK; second these products will be likely be more expensive; and third, this would negatively impact on consumer affordability and choice of (foreign) products.

Trade agreements beyond the EU

Trading under WTO rules would increase the prices of products coming from the EU into the UK, whilst UK products would be competing against cheaper products, such as products produced with different methods of farming across the globe that include higher level of pesticides use, genetically modified organisms (GMOs), growth hormones, animal cloning, cultured meat, chlorine washed chickens. These products are generally not wanted by British consumers and this should be taken into account.

Trading with non-EU partners could lead to a potential race to the bottom. A departure from the often-contested high EU standards in environmental and food law, and consumer protection could lead to a downward spiral when competing with cheaper products with lower or minimal standards (and of potential lower quality) in these areas. The UK should adopt a cautious approach to avoid a race to the bottom that would invite trade that is respectable of the environment and UK values.

The UK should be wary of cheap imports from countries where products are produced at great environmental costs (the production and/or consumption stage) but where these externalities are not reflected in the price.

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