

Which?

NATIONAL
TRADE
CONVERSATION

POLICY PAPER NOVEMBER 2020

National Trade Conversation: Implications for the UK's trade deals

The National Trade Conversation

It is essential that trade deals deliver meaningful benefits for consumers in their everyday lives. But trade and trade policy can be a complex and technical subject. In order to give people from across the UK a chance to express their view on what the UK should be delivering, as it negotiates new trade deals for the first time in over 40 years, Which? held a National Trade Conversation (NTC).

People drawn from all walks of life in five different parts of the country gave up their time to get to grips with the range of issues that could be part of trade deals, hear from different experts and express their views on what the Government's priorities should be. A surprising amount of agreement emerged from this unique, deliberative process.

This paper builds on the in-depth analysis of the NTC discussions and sets out what they mean for the government's approach to trade talks from now on. The government is in the midst of negotiations with the United States, Australia and New Zealand and a trade deal was signed with Japan on 23 October.

The NTC provides important guidance in terms of:

- the policy approach that the government should take, including the opportunities it should be promoting and red lines it should be drawing
- the wider importance of public engagement in shaping the government's approach to trade deal objectives and specific areas of negotiation.

Guiding principles

Participants in the public dialogues recognised the important impact that trade deals can have on their lives and standard of living. They expect the government to negotiate these trade deals in a way that promotes UK values and strengths. Four guiding principles ran throughout the discussions, themes they focused on and their ultimate priorities:

- **Fairness and trade for good:** A trade deal should be beneficial for all involved. The UK has a duty of fairness particularly when making trade deals with smaller, developing economies and to promote best practice.
- **Longevity and future-proofing:** The UK should be looking ahead for opportunities, while also taking account of longer-term risks. It should for example ensure that deals enable adaptation to rapid technological changes and the skills that support them, while also promoting more sustainable trade and development.
- **A whole of the UK approach:** Trade deals should benefit people in all regions and countries of the UK from a range of backgrounds, with a sense of 'we are in this together'. This requires consultation and meaningful engagement to understand what matters most around the country.
- **Transparency in trade deals:** Trade deals need to be made transparently if consumers are to have confidence that they have been negotiated in their best interests and therefore trust them.

Acting on people's priorities

The NTC was a collaboration between Which? and its chosen research partner, Hopkins van Mil. It took place in Northern England, East Coast of Scotland, Northern Ireland, South Wales and Southern England. Over five virtual workshops people learned about what we trade, how trade deals are negotiated and what the key issues are for the government's priority trade deals.

Issues relating to trade in goods were considered, including the potential for greater choice, supply chain dependencies, opportunities for tariff reductions and the role of standards. These were considered in depth in relation to food and consumer goods, with a particular focus on cars and cosmetics to bring opportunities and risks to light. Along with a general introduction to how services would be a central part of the UK's approach to trade deals, people considered how digital trade would be a focus across the new trade deals.

After much debate and questioning, four issues emerged as the overall priorities for most of the people who took part. These four issues were identified as priorities by the majority of participants across the locations, however there was no 'right' or 'wrong' answer to the discussions. Participants were encouraged to voice differing views and engaged very positively with views that did not align with their own. There were also minority views which are set out in the full report.

1. Maintain health and safety standards for food and products

The potential for a wider range of goods, from a wider range of countries at lower prices was recognised – but people felt that this choice would only be meaningful and truly beneficial, if it built on the UK's existing standards.

There was concern that trade deals could lead to the UK accepting imports produced to lower standards – whether in the case of food or toiletries for example. This included safety standards, but also standards that represented wider UK values, such as animal welfare standards in relation to food. There was also concern about the knock on effects for domestic production.

The possibility of labelling was discussed particularly in relation to food but, although welcomed by a few participants, there was overall scepticism about the extent to which this would deliver meaningful choice. People mainly felt that this would be a false choice, particularly for those on lower incomes. In any case, the nature of products, made up of many ingredients and often bought out of home, would make it difficult to provide useful labelling.

Food standards were an issue participants felt very passionately about and will be a key issue across all of the deals that the UK is negotiating. Trading partners have specific objectives to open up the UK market for their agri-food products, as does the UK for their markets. The government has made several commitments to uphold food standards. But it has fought efforts to enshrine this in primary law through the Agriculture Bill or Trade Bill. A Trade and Agriculture Commission has been set up to consider how trade deals can benefit UK farmers and promote animal welfare and environmental standards. The Commission does not however include representatives of consumers or of wider civil society, although its recommendations will affect the standards consumers can expect.

Recommendations

- The government must ensure that there is no wriggle room in the trade deals that it is negotiating that would weaken the food standards consumers can expect. The government should instead take the opportunity to work with trading partners to improve consumer protections and standards – whether for safety, animal welfare or wider sustainability and based on the precautionary principle. It is positive that the Trade and Agriculture Commission will have a role in scrutinising deals – but it needs to have consumer interest representation to do this effectively.
- This approach is also needed for standards for consumer products more generally. Very different systems can exist in other countries for regulation of consumer products – as well as different systems for setting standards and ensuring compliance with them.

The UK must ensure that trade deals uphold consumer protections and that any move to alignment or recognition of the other countries' standards, or how compliance with our standards is assessed, will not undermine this.

2. Maintain data security regulations that protect consumers' digital rights

Participants in the public dialogues recognised that digital trade would be a key feature of trade negotiations and welcomed the UK becoming a leader in this area, as well as the more direct benefits it could bring to them through greater choice and innovation.

As with food and consumer products, however, participants did not see greater choice and lower prices as a benefit in and of themselves. Widespread use of digital services (accelerated by more online shopping and socialising under Covid-19) had already meant more consumer data was being shared with companies who should be held accountable for what they do with it.

Although people thought that the current system wasn't perfect, they were very wary of any relaxation of their protections. The priority countries that the UK is seeking trade deals with have different approaches to data protection – and none live up to the current general data protection regulations (GDPR). Recent trade deals involving the UK's priority countries for trade deals, such as the US, Mexico, Canada Agreement (USMCA) or the Comprehensive and Progressive Trans Pacific Partnership (CPTPP) have included provisions that are intended to align data protection, promote a self-regulatory approach or rely on international standards – all of which would be damaging for UK consumers.

Participants also recognised that moving away from the current regime, which was aligned with the EU's data protection legislation, could risk limiting UK-EU data flows. Although digital trade was a relatively intangible subject, people understood the risks that any relaxation of current regulations could have on misuse of their personal data.

Recommendations

- The government must ensure that provisions relating to digital trade and data flows within the trade deals it is negotiating uphold the protections that consumers can expect under the current GDPR regime.
- More generally, the UK should look to promote consumer rights in digital trade and enhance regulatory cooperation on cross-border trade with its trading partners. It should also ensure that its ability to enhance legislation on online harms, in line with the wider government agenda to place greater responsibilities on online platforms for the safety and accuracy of their content, is not undermined by new trade deals.

3. Protect the environment

The importance of ensuring that environmental protection was taken into account as part of UK trade and trade deals was a recurring theme throughout the NTC. People were generally conscious of how trade could impact on the UK's carbon footprint, for example when looking to reach trade deals with countries on the other side of the world. But many people also appreciated the complexity of the issue and welcomed the desire by certain countries, such as Australia, to include environmental protection as part of the trade deal negotiations.

There was awareness of how trade could encourage people to buy more products, particularly if they could be sold at lower prices and the importance of responsible consumerism. People thought that supporting local production should be promoted in order to help reduce the environmental impact. Environmental, as well wider sustainability considerations, were an important theme raised in the food discussions, including the relative standards that were used in different countries.

The UK government has a legally binding target to achieve net zero emissions by 2050. Next year, it will host a major international conference on tackling climate change, COP26. How we trade can affect the nature of imports as well as what we export – and how these will both impact on greenhouse gas emissions as well as wider environmental impacts. People saw a real opportunity to promote green trade that would not only benefit the UK, but the whole world.

To assist people in reducing their own environmental impact they need to be supported by standards and meaningful information – whether eco-design standards or product labelling for example. These are areas where the government has stated an ambition to go beyond current EU requirements.

Recommendations

- The UK should play a leading role in placing environmental considerations at the heart of the trade deals it is negotiating, including through a specific chapter that goes beyond the sustainable development chapter that has been included in EU trade deals the UK has been party to. Trade policy needs to be closely aligned with the UK's international, as well as domestic, commitments to tackle climate change as well as with sustainable production and consumption more generally.
- Nothing included within trade deals, including on technical barriers to trade, should dilute the UK's existing standards or inhibit its ability to legislate or otherwise set standards to help reduce the environmental impact of goods or services or inform consumers about it.

4. Help address regional inequalities by protecting and promoting jobs, skills and industries across the UK

In line with the fairness principle and with the current impact of Covid-19 particularly front of mind, participants placed a strong emphasis on understanding and supporting all parts of the UK, ensuring that any gains from trade deals were not England or London-centric.

Services, which will be central to future UK deals, were recognised as a greater strength in the South for example, compared with the North. Participants generally thought that the government should make the most of the UK's expertise in services when agreeing trade deals. In an increasingly digital world, the UK should promote its telecoms and digital industries through trade deals, but ensure that people around the country gain from this.

Some regional or country-specific differences did emerge in the discussions. In Northern Ireland for example, there was concern that their very specific circumstances through the Northern Ireland protocol as well as their interests more generally were too often marginalised. Food and farming was a very prominent concern, as it was in Wales and Scotland.

This priority also highlighted how for many people, although asked to focus on trade deals from a consumer point of view, it was very difficult for them to disentangle any wider impacts for themselves as UK citizens, including the implications for local businesses, jobs and skills.

Recommendations

- The government needs to ensure a transparent approach to trade negotiations that goes beyond the high level objectives that it has published to date and delivers tangible benefits for people, wherever they live in the country – and as consumers as well as citizens.
- Advisory bodies set up to inform the government's approach need to be drawn from across the UK, but also from different interest groups, including consumer representatives. To date, this has only been achieved to a limited extent. The Strategic Trade Advisory Group (STAG) has representation from a broad range of interests. But the sector specific Trade Advisory Groups

(TAGs) which advise the government on an on-going basis as the trade deal negotiation rounds take place currently only include business representatives.

Consumer interests and trade deals

The participants in the NTC became very interested in trade issues and through expert speakers and a range of stimulus materials were able to engage with a range of complex issues. Although the intention had been to hold the dialogues in person, the pandemic means that they had to be held virtually instead. This had some benefits over physical workshops in terms of people's ability to participate and time-commitment. It still enabled an in-depth and deliberative process.

The government has recognised that trade deals need to work for everyone – businesses, workers and consumers. The failure of recent trade deal negotiations, such as the EU-US Transatlantic Trade and Investment Partnership (TTIP) was largely as a result of failure to generate public trust. People felt that important standards and values – whether food or the NHS were up for the taking. The government has stated that both of these are off the table – but must go further in showing that it is listening to people's priorities and proactively promoting their interests.

Recommendations:

- The government should build on the NTC ensuring that it engages more people in discussions about its priorities for trade policy and trade deals. This includes its immediate priorities as well as its wider ambitions, such as the CPTPP and longer-term, India, the Gulf and Latin America.
- The government should show its commitment to promoting consumer interests in trade deals by negotiating for a specific consumer chapter within trade deals. This would set out key guiding principles for promotion of consumer rights and protections, reinforcing provisions within specific chapters that have implications for consumers, including health protection, technical regulation, competition policy and sustainable development.

For more details of Which?'s work on trade policy go to: <https://campaigns.which.co.uk/trade-deals/>

Which?

Which?, 2 Marylebone Road,
London NW1 4DF
Phone +44 (0)20 7770 7000
Fax +44 (0)20 7770 7600