

The Trade and Agriculture Commission invites you to submit your views to help shape its report on the UK's future trade policies.

The Trade and Agriculture Commission (TAC) is an independent advisory board set up to advise and inform the Government's trade policies.

Its members represent the agricultural, food production, retail, environment, animal welfare and consumer sectors.

The Commission is acting as an independent advisory board to the Secretary of State for International Trade, by producing a report which:

- considers the policies that the Government should adopt in free trade agreements to:
 - secure opportunities for UK farmers
 - ensure the sector remains competitive
 - make sure that animal welfare and environmental standards in food production are not undermined
- reflects consumer interests and those of developing countries
- considers how the UK engages the WTO to build a coalition that helps advance higher animal welfare standards across the world
- develops trade policy that identifies and opens up new export opportunities for the UK agricultural industry – in particular for small and medium-sized businesses – and that benefits the UK economy as a whole

In its advisory capacity, the Commission aims to provide a fast and agile view as the UK develops trade policies that are fair and competitive to producers, traders and consumers.

The Commission has set up three working groups on competitiveness, consumer interests and standards to help inform its work. To ensure the widest range of views and expertise are taken into account, the Commission invites you to submit evidence through an online survey.

The questions are:

1. How could we address trade barriers to improve UK business competitiveness?

Trade barriers essentially relate to access to markets. UK Business competitiveness is dependent on a range of factors, including productivity, exchange rates, cost of land, labour and capital, interest rates and skill level of workforce to name just a few. Trade policy is only one part of a complex picture. Trade barriers in the form of tariffs and quotas generally aim to protect domestic businesses from global competition, whereas non-tariff barriers, Sanitary and phytosanitary (SPS) standards and technical barriers to trade are intended to protect human and animal and plant health and safety and not intended to be used to influence competitiveness. Therefore, in order to improve UK competitiveness using trade barriers would require our trading partners to lower these for products that the UK seeks to export. This requires a trade off as trading partners will seek reciprocal lowering of trade barriers for their own offensive interests.

AHDB's concern for the potential impact of trade deals on our levy payers is within a whole economy approach to trade where agriculture may not be particularly high on negotiators'

agendas. The economic importance of agricultural trade often overlooks the environmental, cultural, social aspects of food production and its disproportionate importance in rural economies.

However, trade will only take place if economic conditions are right. This means UK farming must be competitive to trade in a global setting.

Therefore, a long term strategic plan that focusses on improving UK agriculture's competitiveness via appropriate supply side policies, i.e. improving skills in the industry, research and development to improve the input:output ratio and strategic investment in the sector should be devised separately from trade policy. This is where AHDB is best placed to support the industry. Through

- The Institute for Agriculture and Horticulture to develop skills,
- A strategic programme of near-to-market research that can be scaled up at speed,
- The development of a 'what works' centre for agriculture and
- Horticulture and Business improvement programmes based on characteristics of top performers.

In addition, a phased reduction in tariffs is needed to allow the industry time to structurally adapt. It needs to be recognised that after 40 years operating within a trading bloc with protectionist trade policies and generous farm support, a period of supported adjustment is needed for UK agriculture to function as a trading nation.

In the short term, increased investment in port infrastructure, streamlined administrative processes, agreed reduction in physical checks at borders based on 'trusted partnerships' like New Zealand/Australia and greater priority for perishable loads. Further, the SME sector will require support as they may be disproportionately affected by additional trade friction. A trade issue monitoring portal could be set up and run by an independent body such as AHDB to monitor trading issues going forward. Practical support regarding market access and the practicalities of exporting need to be highlighted. Much of the focus on trade discussion has been around how to protect the industry from low cost imports. Equal weight should be given to managing the opportunities for value added products to access new markets. A troubleshooting portal for exporters/potential exporters would fill this gap and identify areas for focus.

2. How could UK trade policy best advance the UK's agriculture and food interests? What outcomes would you seek?

UK agriculture needs to transform to a post-EU situation where it may not have the level of protection or support that it has enjoyed for the past 40 years. Therefore, trade policy needs to reflect this process of transition. Moving towards a thriving industry without the support of direct payments will take time. AHDB research and analysis suggests that even under the most challenging of scenarios, at least the top 25% of performers in each of our six sectors will remain [profitable](#). Therefore, it would be reasonable to assume that with support from trade policy that avoids trade liberalisation immediately after the end of the transition period, coupled with the farm business programme of activity that AHDB are focussed on, that every farmer and grower who wishes to improve their business performance has the opportunity and support to enable them to do so. This programme seeks three high level outcomes for farmers and growers to:

- Develop a growth and business mindset where staff availability, skills or management competence are not factors hindering productivity

- Use data to understand current business performance so that they can confidently make better informed decisions
- Adopt a viable strategy that allows them to meet their personal and business goals

It needs to be recognised that this transition will not take place in the very short term, and so trade and agricultural policy should work together to support and encourage the industry through these challenging times.

UK agriculture and food interests could also be advanced by prioritising Free Trade Agreements (FTAs) with net agricultural/food importers and where countries are looking to expand their range of suppliers or where opportunities for UK produce are more abundant. Trade policy is often focussed on tariff barriers and Tariff Rate Quotas (TRQs), but for agri-foods, issues such as Sanitary and Phytosanitary Standards (SPS), Technical Barriers to Trade (TBT), frequency of physical checks, food labelling, transport delays etc. are equally if not more important as these can throw up some unexpected costs for exporters.

Trade takes place due to economics, supply and demand, therefore S side policies – encouraging investment, education and innovation to improve productivity. D side policies, investing in overseas markets, supporting UK exporters in establishing customer base. Improving business performance – AHDB has a role to play here through our dedicated export team who support market access and business development in regions with high growth potential for our products. This development includes providing first hand market intelligence, facilitating trade missions/events and identifying/facilitating business opportunities.

Outcomes to include UK agriculture and horticulture competing in a global marketplace via improved productivity and a clear focus on what our industry does best. Environmentally sustainable production systems that protect the natural capital of the UK whilst providing safe and nutritious food for consumers.

3. How could we balance protection of consumer and business interests, whilst also offering consumers greater choice, availability and affordability?

Consumers in the UK enjoy a wide variety of products from a wide range of sources. In addition to choice, consumers also expect food safety, availability, affordability and traceability. Even during the height of the initial Covid crisis, these were not an issue and the supply chains managed the peaks in retail demand very efficiently.

The pre-Covid trend for supermarkets was to reduce the number of product lines available to consumers, which would suggest that choice for customers can still be satisfied with a smaller range.

Affordability of food is predominantly a social policy issue. Food is an essential item, along with housing. Affordability depends not just on food prices, but the willingness and ability to pay, which depends on a range of factors such as income, other outgoings and expectations about the future. In a period of recession or slowdown in the economy, such as the UK faced during the Covid crisis, consumers may be facing being furloughed, or being under or unemployed. This will constrain choice for food purchases for those on limited incomes and these consumers will be seeking value for money in their purchase decisions. Making food cheaper does not automatically solve the issue of affordability for consumers, and would make food production in the UK more challenging for farming businesses.

In addition, supply chain transparency where contracts are fairer and more balanced in favour of farmers, who are essentially price takers, and redressing some of the power imbalance in supply chains would both improve continuity and range of supply and food affordability.

4. How could we positively support both ethical trade practices and the interests of developing countries, through our trade negotiations?

This could be achieved through allowing preferential access to developing countries through trade negotiations and prioritising trade deals with developing countries. Also by the support that the UK provides through its development budget. This issue is much broader than trade and its importance is recognised by the status granted to developing countries within the WTO. Through membership of WTO, the UK can achieve many of these objectives.

5. How could we ensure that animal welfare and environmental priorities are integral to our trade policy?

Navigating the WTO rules around animal welfare and environmental policy will be one of the biggest challenges for the UK going forward as an independent member. The UK, as a member of the EU, has taken a precautionary or hazard-based approach to issues within SPS standards. Many of the trading partners that the UK is currently seeking trade deals with take the WTO science-based approach where risk is managed according to the best science available. This means that SPS may not be directly comparable between the UK and its main trading partners going forward.

The UK is free to set its own SPS standards for international trade, but if it contravenes WTO rules it can expect to be challenged at WTO.

Within an FTA, again the UK may agree standards with a trading partner. For most of the major agricultural producers currently in negotiations with the UK, meeting different standards for different markets is nothing new. For instance, Australia currently exports to over 100 different countries. When the abattoirs are preparing produce for the EU market, all equipment is thoroughly cleaned and the abattoir restricts access to only animals produced to the EU specification for a period of time.

So, within trade agreements, animal welfare standards and environmental priorities can be maintained without compromising market access.

However, if we are demanding certain standards from our trading partners, the UK will need to prove it is meeting those same standards itself. This may be a point to watch out for – creating welfare and environmental aspirations that are reflected in domestic policy but can't be implanted/enforced through UK trade policy.

6. How could we advance global agri-food standards and what can we learn from other countries?

The best way to advance global agri-food standards would be through taking a collaborative and leadership approach to trade. This may best be achieved now through investment in global research partnerships and UK WTO membership and participation.

There is a risk involved in setting the UK up as the leader in animal welfare standards and expecting the rest of the world to follow, as was seen when the UK unilaterally banned the use of sow stalls. This experience would suggest that making unilateral decisions on issues that directly affect the industry's competitiveness and flow of trade may not be the most effective route to take. A reasonable goal is to strive for continuous improvement by extending the scientific research, whilst being mindful of the economic impact on our industry.

The Commission requests your answers through the online survey, not by email response. We encourage you to work with other relevant individuals within your team and organisation to help provide the most complete response.

A link to this survey, alongside further details on desired format and how to input, can be found through the link below:

https://ditresearch.eu.qualtrics.com/jfe/form/SV_8nXE1cRuEE71SE5