

Briefing note

Trade and agriculture

The UK's farming sector is far more important than its share of the economy suggests. Farmers look after more than 80 per cent of our land surface area and supply nearly two thirds of the food we consume in Britain. This briefing explains how it stands to gain from trade, and comments on the feasibility and desirability of certain amendments to the Agricultural Bill.

UK agriculture stands to gain from trade

- According to government figures, agriculture would benefit from a **UK-US FTA**. This is due to **increased export opportunities** and **reduced costs of inputs** like fertiliser and feed, combined with the fact the **US is not a low-cost producer**.
 - o The **US beef price is currently 6 per cent higher than the EU price**. It is not true to suggest that the UK market would be flooded with cheap US imports.
 - o British farmers face high tariffs when they try to sell their products into the US. For example, the **tariff on British beef is 27 per cent**, and **the average tariff on British cheese is 17 per cent** – bad news for American consumers, obviously, but also bad news for British farmers.
 - o The US has recently allowed the sale of British beef into the American market. This could bring in an estimated £66m to British beef farmers over the next five years. **A trade deal with the US could see the ban on lamb scrapped** too. The US is the 2nd largest importer of lamb in the world by value.
- Britain is becoming a **more competitive agriculture exporter** with our products being valued for their **high quality**.
 - o The UK has recorded a trade surplus for dairy products for the first time since records began in 1997. The trade balance for all dairy products was positive in volume terms in 2019, with a surplus of 95k tonnes of product, figures from HMRC show.
 - o The UK's pork exports grew almost 20% last year. £30m of UK pork is currently exported to the US.

Regulatory imperialism is unachievable and undesirable

- Recent **amendments to the Agriculture Bill** proposed by Neil Parish MP and Simon Hoare MP include language that could be used to **demand that potential trade partners copy our domestic standards into their own law**. Given the intrusiveness of such a demand on other countries, these amendments could hamstring the UK's ability to negotiate preferential trade agreements, while excluding most foreign agricultural exporters, including those from the poorest countries in the world.
 - o **Even the EU – a regulatory superpower – does not rely on demanding that its laws be copied**. The Brussels Effect is achieved through unilateralism spread via the power of markets (being a sufficiently large market, foreign producers are often incentivised to comply voluntarily).
 - o These amendments would require the existing **EU FTA mandate to be changed** and would **contradict** the government's refusal to sign up to a regulatory level playing field.
 - o The ambiguity of the language used in these amendments would cause significant uncertainty for foreign exporters of agricultural produce.
- Regulatory issues are complex – states often apply different regulations toward achieving the same regulatory goals. It is important that the **government has the flexibility** to discern the features of specific cases in the context of trade negotiations.
- **US agriculture scores a higher Environmental Performance Index** (Yale University 2018) than UK agriculture.
- The UK government has confirmed that it will **uphold British food import standards** (SPS). These will not be altered as part of a trade deal – neither with US nor EU. The UK government has also confirmed that domestic environmental protections, animal welfare and food safety standards **will not be lowered** in any trade deal which UK strikes.