



FOR Your World

(Ç.)

WWF



CORE ENVIRONMENTAL STANDARDS: MAKING TRADE WORK FOR SUSTAINABLE AGRICULTURE

WWF welcomes the government's commitment that the UK will not lower food, environmental or animal welfare standards through trade deals. High standards, green supply chains, and exporting expertise in sustainable land management as well as high quality food production is a genuine opportunity for British leadership. The public have been clear, our approach to trade in food should reflect our values: food should be produced in ways that keep us and the animals in the food system healthy and safe, we should reduce our food footprint, and support high standard producers – at home and abroad – who can care for the countryside and create the resilient and sustainable farms we need to meet our net zero and nature restoration commitments.¹ Establishing core standards for the way food is produced is fundamental to delivering those values.

OUR APPROACH TO TRADE SHOULD REFLECT OUR VALUES

1 Which?, 2020, National Trade Conversation: what are your priorities? and Which?, 2021, Are the UK's trade deals reflecting consumer priorities?

REGENERATIVE AGRICULTURE AND AGROECOLOGY

While both have evolving definitions, agroecological and regenerative practices are ultimately about creating agricultural systems that rely on healthy ecosystems and not chemical processes (such as artificial fertilisers and pesticides).

Regenerative agriculture focuses on improving ecosystem health and resilience, particularly soil health, by reducing the use of energy and chemical inputs.

Agroecology has a slightly broader frame to boost the resilience and the wider ecological, socioeconomic and cultural sustainability of farming systems, through enhancing knowledge, values, resilience and governance.²

TRADING UP IN FOOD AND FARMING

Globally, our food system produces **29% of GHG emissions and drives 70% of terrestrial and 50% of freshwater biodiversity loss.** The way we produce food is destroying the natural assets that are our greatest ally in fight against climate breakdown. WWF are committed to getting the destruction of nature out of our supply chains and shifting land-use and farming towards sustainability. International and national studies agree, every path to solve the climate crisis, reverse declines in nature and generate enough food to end hunger and provide nutritious diets, involves big changes in how we farm.³ The land given over to food production has to be farmed regeneratively in order to reduce emissions, maintain soil and water health and enhance biodiversity.⁴

That requires a shift away from conventional industrial agriculture and towards farming based on advanced eco-system management which provides carbon sinks, habitats and flood resilience alongside food.

2 IUCN, 2020, Approaches to sustainable agriculture

3 WWF-UK, 2020, The Triple Challenge: Synergies, trade-offs and integrated responses to meet our climate, food and biodiversity goals



⁴ Scientific consensus on this issue is evidenced by the International Assessment of Agricultural Knowledge, Science and Technology for Development. Report, 2009. For the UK, see EFCC, Our Future in the Land, 2019.



OPPORTUNITY - EXPORTING OUR MODEL AND OUR EXPERTISE

Reforming agriculture is a key part of addressing the nature and climate crises. The UK is leading the way in this reform process through the innovative "public money for public goods" scheme being trialled in England which rewards farmers and landowners for the wider societal benefits that they can deliver in addition to and alongside food production.

The UK is also facing outwards and working on improving the sustainability of its supply chains via the Forest, Agriculture and Commodity Trade dialogues (FACT), an initiative hosted by the UK as president of COP26, seeking to accelerate the transition towards more sustainable land-use practices, and the broader Global Resource Initiative.

These efforts need to be supported by a trade policy that facilitates a global shift to regenerative agriculture, rewarding the best performers and ensuring that this process is not undermined by environmentally harmful types of production. Doing so will position the UK to export our environmental expertise, in policy design, land management and high-quality food production that maximizes the public goods that sustainable farming can provide – carbon sinks, habitats, improved water and air quality.

The UK currently produces 52% of its own food and imports 48%. In a 1.5-degree world the UK will probably need to produce more food but importing and exporting will still be needed to provide variety and security as part of a resilient sustainable global food system. **Transitioning to sustainable agriculture is a global challenge, requiring changes to the way we farm at home and to the types of farming we support abroad.**

Currently the UK, like most countries, sets environmental and animal welfare standards for farming at home but it has no environmental criteria for the 48% of food it imports. This has to change! As an environmental policy leader and a committed open trading nation, the UK is well placed to find fair and practical ways to shape trade flows, so they support rather than hinder the farmers leading the transition to sustainable agriculture.

FOOD SAFETY STANDARDS FOR IMPORTS ALREADY EXIST, BUT ENVIRONMENTAL STANDARDS NEED TO BE DEVELOPED.

WHAT SORT OF FOOD STANDARDS CURRENTLY EXIST?

The UK has food safety standards that apply to food sold in the UK, both that made in the UK and imported. In trade discussions, the group of standards that are designed to protect humans, animals and plants from contaminants, diseases, and pests are referred to as sanitary and phytosanitary standards (SPS). This is where issues such as chlorinated chicken, hormone beef and pesticide residues come in. The UK's national food standards, which add to international standards, prohibit meat washed in anything but water, injected with growth hormones, or with pesticide residues above set levels from being sold in the UK. Government has promised to retain these standards. That means resisting the pressure to change domestic rules that often comes when negotiating with countries that allow practices not allowed in the UK who want to increase access for products they already produce.

WHY HAVE CORE STANDARDS?

The UK's first trade deal negotiated from scratch will grant market access to Australian agricultural products, produced to much lower environmental and animal welfare standards, with zero tariffs and zero quotas.⁵ Other trade deals in the pipeline are also likely to grant fuller and freer access to the UK food market to countries with lower standards. And, so far, the UK has set no environmental criteria for how agricultural products allowed into the UK market are produced.

This is not new, there have always been differences in agricultural production standards for food traded around the world, but these asymmetric standards are becoming an increasing barrier to free and fair trade as some countries raise ambition on issues like climate, biodiversity, and antimicrobial resistance, faster than others.

The UK is particularly exposed because,

- a. It is negotiating a number of trade deals with major agricultural exporters which will change the balance of incentives on what to produce and what to import,
- b. It is currently a high environmental and animal welfare standard producer with plans to deliver environmental based agriculture policy which will make it a world leader on net zero and nature restoration in farming and,
- c. The UK, via the Global Resource Initiative and the FACT dialogues, is committed to supporting sustainable sourcing and supply chains globally.

SOW STALLS - A CAUTIONARY TALE

When the UK banned sow stalls in 1999 no similar requirements were set for pork imports. This resulted in UK pig farmers going out of business as they were undercut by farmers in Denmark and the Netherlands where there was no ban in place.

History could be repeated. Some countries will move faster than others in the transition to more sustainable, higher welfare farming and to address global issues like climate change, biodiversity loss, antimicrobial resistance, and zoonotic diseases. If domestic agricultural policies are not supported by trade policy, farmers many find themselves undercut by those still relying on redundant farming practices which increase risks to people and the planet.

5 E.g., Australia has the highest rate of deforestation in the OECD and allows the use of 71 highly hazardous substances which are banned in the UK. It has also been shown to have lower animal welfare standards than the UK, e.g. by allowing the practice of mulesing sheep. See briefings by WWF and. RSPCA at: UK trade negotiations: Agreement with Australia - Written evidence - Committees - UK Parliament





Core standards are needed to enable the UK to progress trade deals whilst ensuring UK demand does not end up supporting the most dangerous and damaging farming practices we have committed to move away from and which undercut the ability of the UK's food businesses and farmers to deliver a sustainable food and farming system.

CORE STANDARDS

WWF are asking for **animal welfare**, **public health**, **and environmental standards in law for all food sold in the UK**, which would sit alongside existing food safety standards. WWF are primarily interested in the environmental element of these standards but know they are best delivered as part of holistic solutions for the food system.

The core environmental standards WWF propose would:

- Sit at the bottom of the market and set minimum environmental standards in domestic law for all food sold in the UK
- Be a common internal framework for farming in all parts of the UK with agreed minimum requirements based on existing laws in respect of, for example, habitats, biodiversity, water quality, toxins, and soils
- Establish geographically appropriate but comparable minimum requirements for all food imports into the UK, applying whether a trade deal is in place or not
- Be consistent with WTO rules, which allow for national environmental standards and encourage them to be designed around clear policy objectives in a non-discriminatory way⁶

Several independent bodies have recommended linking access to the UK market to standards of food production. In its final report, in March 2021, the Trade and Agriculture Commission recommended establishing national core standards for all food imported and produced in the UK⁷ as did the National Food Strategy Part 1 and Part 2⁸. Similarly, the most recent Committee on Climate Change Progress Report made "carbon border adjustment mechanism or minimum standards for energy intensive industrial and agriculture products" a priority recommendation for DIT.⁹ Proposal for core environmental standards has also been supported by farmers¹⁰ and food businesses¹¹.

- 9 <u>Climate Change Commission : Joint Recommendations</u>, 2021
- 10 NFU petition on food standards, 2020
- 11 Major businesses call for core environmental standards for food trade | WWF, 2021

⁶ WTO members can enact non-discriminatory measures to ensure their market does not encourage economic behavior which is harmful for humans, the environment and for animals and plant species. In addition, Art XX GATT allows legitimate exemptions to a general presumption in favour of trade liberalization, access, and non-discrimination for the protection of human, animal or plant life or health, the conservation of exhaustible natural resources and protection of public morals.

⁷ The report mentioned several different types of measures which could be used to safeguard standards, with Pillar 1 confirming that import restrictions for the purposes of protecting climate, environment and animal welfare can be introduced under WTO rules, and Pillar 2 proposing that zero tariff, zero quota access to UK market should be reserved for products that meet a set of standards and technical norms, with higher tariffs for the products that do not meet those requirements. <u>Trade and Agriculture Commission: Final Report</u>, 2021.

⁸ The NFS called for core standards as a key part of a trade policy that does not undermine a sustainable and ethical food system for the UK. It listed a set of core standards for animal welfare, providing a concrete example of what types of standards are needed. <u>National Food Strategy</u>, 2021.

CORE STANDARDS AND DEVELOPING COUNTRIES

A global shift to regenerative agriculture would benefit farmers in developing countries. A shift to sustainable agriculture could increase yields by up to 180 per cent and create 47 million jobs during the next four decades.¹² Additionally, agroecological approaches around the world have shown to improve farmers' incomes by up to 30 percent.¹³ This type of agriculture relies on the knowledge of farmers to develop ways of farming that reduce the need for artificial inputs such as fertilisers. This vastly improves the quality of the soil and improves its fertility.¹⁴ It makes farming more resilient to the effects of climate change, which creates more security for farmers' livelihoods.¹⁵ Agroecological practices are also more inclusive of women farmers, who are often by-passed by agricultural investment focussing on conventional agriculture techniques.

However, it is clear, even though the destination is good, the journey to more sustainable farming has to work for developing country farmers too. Many farmers in developing countries are already part of global supply chains, meeting exacting corporate and voluntary certification requirements, but the proliferation and overlapping nature of these standards are a source of frustration, especially for smallholder farmers and needs to be addressed. Any core environmental standards and systems for verification need to be designed and set in consultation with developing country farmers and with their capacity and support needs in mind.

Those support systems should include:

- Aid for Trade (AfT), which address the obstacles to participation in international trade, and could be directed towards more green initiatives, including the transition to sustainable farming.
- International finance for developing countries to adopt higher environmental farming standards is also critical, an issue reinforced by the FACT dialogues which provide a model for engagement with developing countries.¹⁶
- And, critically in a developing country context, trade rules that support well-functioning international food markets that sit alongside and complement thriving local and regional food markets, as access to both are important to producers and consumers.

- 14 FAO, FAO's Work on Agroecology: A Pathway to Achieving the SDGs, 2018, p 20
- 15 Biovision, FAO, Agroecology helps against climate change, 2019

16 FACT Roadmap, 2021



¹² UNEP, Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication, 2011

¹³ FAO, FAO's Work on Agroecology: A Pathway to Achieving the SDGs, 2018



TOOLS IN THE TRADE TOOLKIT

There are many ways trade can be used to shape or incentivize markets, but relatively few currently exist to drive improvements in the environmental standards of production. The potential tools in the trade toolkit for nations seeking to address this gap are:

International measures - there are internationally agreed rules to minimise the spread of pests and diseases and, in the case of the Codex Alimentarius, to ensure food safety that apply to all products traded. However, no mandatory international environmental standards currently exist. WWF have proposed a Codex Planetarius¹⁷ be developed to fill this gap. Voluntary international standards that address environmental production do exist and are widely used by food producers and retailers to improve the sustainability of their sourcing.

On the border measures - tariffs and quotas increase the price paid or limit the quantity of a product available to import. General schedule of tariffs and quotas are lodged with the WTO, but better terms can be negotiated between countries in a trade deal or a regional agreement. Environmental examples of a on the border measure include zeroing tariffs for environmental goods and services, as the UK has done for the Green 100, and Carbon Border Adjustment Mechanisms (CBAMs), which levy taxes on energy intensive products to even out carbon taxes charged in different countries.

Behind the border measures - differences between countries' domestic rules and regulations that require exporters to comply with extra procedures, provide additional certification or labelling, to allow them to be sold in another country. In trade terminology these are often referred to as technical barriers to trade and cover a country's product standards, like engine pollution limits, or service standards, like professional qualifications i.e. all domestic law on what can be sold and how.

The national environmental core standards WWF are proposing for the UK would be a behind the border measure and would be part of a basket of measures (i.e. codex planetarius, labels and tariffs) to incentivise trade in more sustainable agricultural products.

17 For the UK, WWF propose work to champion a new international environmental standards via a Codex Planetarius should be progressed alongside work on the UK's own national core environmental standards, in a twin track approach <u>WWF Briefing on the Twin Track Approach to Environmental Standards</u>, 2021

WHAT ARE THE ALTERNATIVES TO NATIONAL CORE STANDARDS?

Setting national minimum standards for access is one mechanism the UK has for setting environmental conditions for trade, others include labels, dual tariffs, CBAMs and international standards. WWF don't see these various mechanisms as alternatives. They are different and complementary tools to ensure policy reinforces the work done by voluntary standards and certification schemes to start reducing the environmental impact of the food system and encourage sustainable farming.

Leading retailers and food companies have driven good practice at the top with voluntary initiatives, but legislation is needed to act on the bottom 25% of producers who cause up to 50% of environmental damage and yet still find a market for their products. Raising the bar across the board reduces the risk of undercutting the good food producers – at home and abroad - who are putting in the hard yards innovating and investing more sustainable practices.

- Voluntary and mandatory **labelling** has an important role in developing and driving new environmental standards, developing metrics and best practice at the top of the market but has limited direct impact most customers¹⁸ and evidence shows it does little to improve environmental impact by itself so is not an alternative to minimum environmental standards that function at the bottom of the market. Plus, 45% of all UK spending on food is in restaurants or other out-of-home food services, which will not include any labelling.¹⁹ Further, labels on processed foods with multiple ingredients can be too complicated to be understood by customers.
- **Dual tariffs** are a way to preference higher environmental standards of production but are likely to operate better at the top of the market than at the bottom. Tariffs do not make up a significant element of the retail price of food so different tariff levels would not outweigh the cost advantage of mass production to very low environmental or animal welfare standards.²⁰ Also, the unconditional offer of zero tariff access to Australia and New Zealand has rendered the UK's ability to use dual tariffs as route to support sustainable agriculture redundant.
- **Carbon Border Adjustment Mechanisms (CBAM)** are potentially a very useful mechanism to ensure carbon taxes drive low carbon production of energy intensive goods nationally and internationally, as countries move at different speeds to institute their own climate policies. However, it is more complicated to measure the embedded greenhouse gas emissions in beef, corn and avocadoes than it is steel, aluminum and ammonia. In addition, using CBAMs for food could create perverse incentives for highly industrialised agriculture, particularly low welfare livestock, which would increase risk for nature, antimicrobial resistance, and zoonosis.²¹
- Agreeing new **international environmental standards** is the route currently favoured by DIT, this is a laudable aim but it will be hard work and take a long time to agree minimum environmental standards for farming with all 164 members of the WTO. International standards tend to grow, bottom up, from national and regional standards. And the UK, which needs trade mechanisms to deliver on its promises to the public, is in a good place to start their development. Progress on the UK's own national core environmental standards, done well and with a view to their wider adoption, would allow the UK to champion international environmental standards with credibility, insight and experience.²²

- 18 E.g. a study on consumers' understanding of sustainability labels on food in the UK and five European countries found that, despite high levels of concern about sustainability issues, product labels did not play a major role in consumers' food choices. See: Grunert, Hieke and Wills, <u>Sustainability labels</u> on food products: <u>Consumer motivation</u>, <u>understanding and use</u>, 2014
- 19 Data from 2019:UK in-home vs. out-of-home food and drink spending | Statista
- 20 Dual tariffs were briefly proposed in the UK as a way to protect food and farming standards. Issues raised around whether tariffs should be equalising or punitive and the extent any price mechanisms would be vulnerable to market manipulation by very low-cost producers would need to be resolved but pose less risk if they function as an additional incentive to high standards rather than as a barrier to very low standards of production.
- 21 WWF, Briefing on comparing the environmental impact of farming across countries for trade policy, Aug 2021

22 WWF, <u>Briefing on the Twin Track Approach to Environmental Standards</u>. International standards for food safety were globally agreed in the Codex Alimentarius in the 1960s but grew from first food safety rules set by 19th Century culinary leaders in the Austro-Hungarian empire whose rules were later adopted across Europe before being elevated to an international standard.



If the UK is serious about getting environmental destruction out of our food supply chain, and about leading and incentivising the global transition to sustainable farming, then we cannot leave one of our most effective tools, minimum standards, languishing in the toolbox. The UK has made the decision to close off its market to conflict diamonds. Labelling schemes, dual tariffs, CBAMs and international standards have their place but they simply are not sufficient to respond to the challenges we face in moving to sustainable agriculture on their own.

HOW SHOULD CORE STANDARDS BE DEVELOPED?

Under international trade rules, nations are allowed to set national environmental and animal welfare standards for imports, as long as there is a clear policy objective, good scientific rationale, and the standards are applied fairly to domestic and foreign producers.

The United States Marine Mammal Protection Act, by introducing a mandatory certification system (with implementation period of several years) applying comparable standards to those required of US fisheries to all fisheries it imports seafood from, has demonstrated how import requirements aimed at protecting the environment - in this case, seals, dolphins, and other marine mammals - can be designed in a WTO-compliant way.²³

Any UK core environmental standards would similarly need to apply even-handedly to both domestic and foreign producers and would represent a minimum regulatory floor for all agricultural products sold in the UK. As such, any import requirements would be based on regulatory requirements already applied to UK farmers it would also need to be designed with sufficient flexibility to be applied appropriately to the different environments and ecosystems farmers face around the world and to avoid inadvertently discriminating against certain producers.

CORE ENVIRONMENTAL STANDARDS WOULD APPLY EQUALLY TO UK-BASED AND FOREIGN FARMERS.

There is a rich vein of expertise in voluntary and corporate supply chain standards on international metrics for sustainable production which could serve as a basis for designing mandatory core standards. Global GAP (Good Agricultural Practices) and LEAF, for example, are already standards widely used by UK importers. Codifying some minimum environmental requirements in law, possibly based on these voluntary standards, would reinforce existing good practice and close the loophole for those using trade for unsustainable sourcing. Thailand provides another interesting case study.²⁴ In 2019, it introduced a requirement for all fruits and vegetables imported into Thailand to have a GAP certificate, making an existing established voluntary international standard mandatory.²⁵

WWF-UK is commissioning research examining the design of core standards in two to three areas considered most impactful for the environment to chart a way forward for the UK.²⁶ The design and implementation of core standards is not an overnight process, but one that should involve subject-matter experts and consultation with importers, producers and trading partners.

The UK government should work with like-minded countries at the vanguard of environmental standards for trade in food. Designed well any national core environmental standards the UK develops could come to be the template for wider adoption of environmental standards by other nations and support international discussions at the WTO about new international standards.

WIDELY USED VOLUNTARY STANDARDS ARE A GOOD BASIS FOR MANDATORY CORE STANDARDS

24 G.A.P. Certificate now Required for all Fresh Produce Imported to Thailand (globalgap.org), 2019

- 25 Thailand's relatively simple route to raising standards for imports has some attractions but is likely, if challenged to fall down on even-handedness as there has been insufficient analysis to show Thailand's domestic farming regulations are comparable to Global GAP requirements themselves.
- 26 TULIP and IEEP, specialising respectively on trade law and policy, and on agricultural policy, are working on proposals for the design of core environmental standards in several key areas. Designing Environmental Regulation_Agricultural_Imports.pdf (wwf.org.uk)



CONCLUSION

There is a tendency to see international trade policy as something separate and distinct from other areas of government policy, but success on domestic policy or international diplomacy can be made or lost in concessions in the trade arena. A thoughtful, well-integrated approach to trade policy needs to be crafted in concert with other national policy objectives and work in harmony with them.

To make agricultural trade truly inclusive and sustainable, it needs to support the global transition away from unsustainable, industrial methods of farming. Core environmental standards for food can serve this purpose enabling the UK to both support the transition to sustainable farming domestically and use its demand for food to drive higher environmental standards of production abroad, reducing the UK's global food footprint. The UK has the opportunity and obligation to deliver and by doing so will serve as an example to other countries struggling with the same environmental challenges but not as far ahead on designing policy for the future of farming as the UK. **This is an exciting opportunity for the UK on the world stage that a greener global Britain should be championing and leading**.



For a future where people and nature thrive | wwf.org.uk © 1986 panda symbol and ® "WWF" Registered Trademark of WWF. WWF-UK registered

WWF charity (1081247) and in Scotland (SC039593). A company limited by guarantee (4016725)