

## Brexit and Trade Justice for the Global South

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- The UK's decision to leave the European Union (EU) means that, for the first time in 40 years, trade policy will return to UK government competence.
- In the two-year period in which Brexit negotiations take place, UK government and public attention will inevitably be focused on negotiations with the EU. However, with the UK government's ability to negotiate its own trade deals comes a huge opportunity to achieve a truly progressive trade agenda for Southern countries.
- Getting trade policy right is crucial to achieving the Sustainable Development Goals: it is central to economic development and to the ability of governments to tackle climate change.
- A UK trade policy aligned to principles of trade justice can support the aspirations and interests of Southern countries, the realisation of human rights and the protection of the environment. However this is unlikely to be the outcome if the UK maintains the status quo and in particular the current weak processes for scrutiny of trade agreements.

### Achieving trade justice

Producers from 116 Southern country UK trading partners have exports to the UK worth at least £34 billion each year. These exporters currently benefit from preferential EU trade arrangements which make it easier for them to export to the UK.

For exporters in the global South, it is critical that existing EU arrangements are carried over into UK

legislation: the poorest people in the world must not be forced to pay new import duties by the UK.

However, the UK must do much more than maintain the status quo. To ensure Southern countries can benefit from preferential arrangements, the UK should extend the number of countries who are offered tariff-free access to UK markets, support the export of 'value-added' processed or manufactured goods and make it easier

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for products containing inputs from more than one developing country to benefit from preferential access (referred to as improving rules of origin).

As the United Nations Conference on Trade and Development notes,

**“economic growth in the least developed countries (LDCs) has declined steeply since 2012, reaching a low of 3.6 per cent in 2015”.**

As a result, 13 LDCs experienced a decline in living standards in 2015.

UNCTAD outlines that this been influenced by a “sharp decline in commodity prices”, particularly affecting African LDCs, which “hampers progress towards the United Nations Sustainable Development Goals”.

Inclusive and sustainable economic development will not be achieved without Southern countries escaping the “commodity trap” - exporting only raw materials or unprocessed agricultural products - which leaves the economic wellbeing of millions of people dependent on fluctuating global commodity prices.

### **No to equal rules for unequal partners**

‘New generation’ trade deals such as the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP) were created due to the inability of Northern countries, led by the USA and the EU, to secure their global trade policy aims in multilateral forums such as the World Trade Organisation (WTO). As such, they incorporate a range of elements (for example government procurement and competition law) on which Southern countries have resisted negotiating because they feel their economies are not ready.

Yet the huge EU-US trade deal (the Transatlantic Trade and Investment Partnership – TTIP) was promoted to companies like Exxon Mobil by the European Commission as a means to force countries outside the deal to conform to its standards, thus enabling energy companies to bypass new regulations in the global South. As such, TTIP is intended as a template to be imposed on all countries of the world.

TTIP seeks to prohibit the use of a range of industrial policy options which are critical to Southern countries achieving trade justice, including the use of tariffs, the use of procurement to support domestic industries and the use of policy tools to regulate foreign investment.

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**Southern countries must not be excluded from trade negotiations which directly or indirectly affect their industrial policy options. Rules which affect all countries must be debated and decided in multilateral forums.**

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The poorest countries must be permitted to use all industrial policy options, including tariffs - revenues from which can form a significant proportion of GDP - in order to protect, build and diversify their economies to sustain industries capable of competing in world markets.

Likewise, such countries must not be compelled to adopt elements of new generation trade deals on which they are not ready to negotiate. Southern countries must be granted the policy space to develop industrial policies of their choosing.

### **Climate change**

The impacts of climate change are disproportionately borne by countries of the global South, the countries which have contributed least to causing climate change. As research commissioned by 20 governments outlines, the combined climate-

carbon crisis will claim 100 million lives by 2030, with 90% of those deaths in the global South.

At the last UNFCCC COP meeting, COP 21, in Paris, the EU's negotiating position was to block any discussion of measures to combat climate change that might be a "restriction on international trade".

The UK must ensure that trade policy works to support international climate commitments: it must go far beyond the EU position it supported at COP 21 to ensure that trade and climate forums do not operate in silos and to ensure the international trade system does not undermine international climate commitments.

## The Sustainable Development Goals (SDGs)

The SDGs seek to "realise the human rights of all". As such, the SDGs are "guided by the purposes and principles of the Charter of the United Nations, including full respect for international law".

However, as UN Independent Experts have outlined, trade deals, and in particular the increasing trend to include mechanisms that allow companies to sue governments for policy change (investor-to-state dispute settlement, ISDS), threaten the realisation of human rights:

**"There is a legitimate concern that both bilateral and multilateral investment treaties might aggravate the problem of extreme poverty, jeopardize fair and efficient foreign debt renegotiation, and affect the rights of indigenous peoples, minorities, persons with disabilities, older persons, and other persons living in vulnerable situations."**

Statement signed by Hilal Helver, Special Rapporteur on the right to food, and nine other UN experts

Indeed, specific SDGs and their associated targets and indicators are dependent on the achievement of trade justice.

For example:

- SDG 2.3: Doubling agricultural productivity and incomes of small-scale farmers
- SDG 9: Build Resilient Infrastructure and Promote Sustainable Industrialisation
- SDG 17.1: Increase exports of developing countries, double exports of LDCs by 2020
- SDG 17.6: Respect each country's policy space and leadership to implement policies for poverty eradication.

Correspondingly, to ensure the achievement of the SDGs, the UK must ensure full policy coherence for development (PCD) in its trade policy. The UK must also seek implementation that goes beyond the disappointing efforts of the EU.

## What are we calling for?

The UK must:

- **Maintain preferences for exports;**
- **Ensure industrial policy space for Southern countries;**
- **Ensure trade policy aligns with SDG commitments;**
- **Ensure trade policy aligns with climate change commitments.**

# Contacts



**TRADE JUSTICE  
MOVEMENT**

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or any of the organisations listed below for more info.



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