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UK: Green Trade Transition and Policy

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Abstract

Green international trade is more and more important part of the global economic relations in recent thirty years, since the term green economy was first coined in 1989 in a seminal report for the UK government by a group of leading environmental economists. United Nations Environment Programme (UNEP) launched the Green Economy Initiative in October 2008 providing analytical and policy support for investments in green sectors and greening of resource sectors. As a major proponent of the green economy, UK's experiences in green trade transition and policy undoubtedly will provide useful references for the development of green economy and trade in other countries. As one of the responsible global advanced economies. The UK is not only an active advocate of green economy and green trade, but also an active promoter of green economy and green trade s. leading by example to drastically reduce carbon emissions, the UK's carbon emissions fell by more than 40% between 1990 and 2018, earning the UK a world-leading reputation for reducing emissions. The UK not only actively promotes the negotiation of the Environmental Goods Agreement and formulates stricter environmental standards and regulations to raise environmental awareness in various countries, but also actively develops green technologies and exports them to the world to help accelerate the global green transition, and actively utilizes independent trade policies to help support environmental action overseas. As the fundamental driving force of an increasingly integrated global economy, green trade is an important area for the sustainable development of the world economy and will undoubtedly play a key role in any country's transition to a green economy.

Key words: UK; Green economy; Green trade; Trade policy; Free trade; Fair trade; Carbon emission; Environmental protection; Financial system

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The term green economy was originally coined in 1989 by environmental economists in a report titled "Blueprint for the Green Economy" [1], which refers to the reduction of greenhouse gas emissions, the use of natural resources, and waste in the world economy in a sustainable development process. And close social disparities to provide better returns on natural, human and economic investments. In October 2008, UNEP launched the Green Economy Initiative to provide analytical and policy support for investment in green sectors and greening of resource- or pollution-intensive sectors. It calls on governments to allocate a significant portion of their stimulus funds to green sectors and set about targets for economic recovery; poverty eradication; and reductions in carbon emissions and ecosystem degradation. It also proposes a framework for a green stimulus package and supportive domestic and international policies. However, in recent years many countries have lacked clarity on what green economy policy measures include and how they align with national priorities and goals related to economic growth and poverty eradication, and lack of clarity in designing, implementing and reviewing the costs and benefits of a green economy experience.[2]

[1] A guidebook to the Green Economy, p.7. Retrieved from Https://sustainabledevelopment.un.org/content/documents/GE%20 Guidebook.pdf.
[2] A guidebook to the Green Economy, pp.8-10. Retrieved from Https://sustainabledevelopment.un.org/content/documents/GE%20 Guidebook.pdf

Green international trade is one of the most prominent features of the global economy and a fundamental driver of an increasingly integrated global economy. There is no doubt that green international trade will play a key role in the transition to a green economy. According to expert research, there are six key economic sectors believed to contribute to the transition to a green economy while creating trade opportunities: agriculture, fisheries, forests, manufacturing, renewable energy and tourism associated with the transition to a green economy.[3] This paper aims to analyze the development and transformation of British foreign trade, the key areas of British green foreign trade, and the main policy directions of British green foreign trade. This paper analyzes the stage characteristics of UK's foreign trade, the acceleration and changes of green foreign trade, and the policy measures of UK's green foreign trade, which are not only conducive to judging the trend of green foreign trade in developed countries, but also helpful for developing countries to seek trade from them. At the same time, it is very important to promote the development of developing countries to accelerate the adjustment of green foreign trade policies.

1. THE STAGED CHARACTERISTICS OF UK'S FOREIGN TRADE

1.1 In the Early 19th Century UK's Liberal Trade Policies Promoted the Rapid Development of Foreign Trade

"Trade is the giant wheel that drives the whole social machine." In the early 19th century, the UK government successively allowed the private sector to participate in trade with China and India, thereby abolishing the government's arbitrary power over Eastern trade. At the same time, in order to better promote trade with Western European countries, the UK government actively negotiated with them in order to reach lower tariff requirements. In addition, in order to develop the domestic market, UK government not only gave preferential measures to actively encourage industrial and commercial investors to invest, but also greatly reduced or even cancelled various consumption taxes. It can be said that the UK government's tax reform played a key role in the subsequent implementation of liberal trade policies by the UK government, During the Industrial Revolution, the annual growth rate of UK's foreign trade rose rapidly from 1.1% in the second half of the 18th century to the mid-19th century. In the 18th century, exports increased by more than 4 times. This shows that foreign trade was an important force in promoting the development of British industrial production and the industrial revolution. (Yang, 2016)

[3] A guidebook to the Green Economy, pp.13-14. Retrieved from Https://sustainabledevelopment.un.org/content/documents/GE%20 Guidebook.pdf

By 1851, UK was the factory of the world, producing two-thirds of the world's coal and half of all the cotton and iron the world produced. The liberalization of trade has allowed this dominance to continue, and exports around the world have increased. British exports were worth £38 million in 1825, £60 million by 1845, and £190 million by 1869. As UK's trade dominated the global economy and development created enormous wealth for it's industry, most of the profits from British trade were invested in capital projects around the world. Britain in the second half of the 19th century became not only the world's factory, but the world's banker.

London became the financial center of the world, and a lot of money was invested in railways, mining, ranching and various industrial and commercial developments. More than half of all investment money went outside the Empire, as investors sought new sources of raw materials and markets for British industrial products, and the returns on these investments ensured that Britain's balance of payments remained in surplus for centuries. Throughout the global expansion of industry and commerce, the UK government has played a supportive role. Much of the British Foreign Office's time was spent dealing with complaints from foreign businessmen and intervening by force abroad to enforce free trade. British trade and capital investment figures at the time showed that 60% of new capital investment in the period 1865-1914 went outside the UK and 40% went inside the UK. In terms of British exports, 72% of British exports went to the rest of the world in the period 1846-1850.

1.2 After the World War II, UK's Foreign Trade Experienced Complex Changes Such as Post-War Recovery, Slowing Growth and Declining Share

Before the war, food and raw materials were basically imported, and then industrial products of greater value were exported. After 1945, Britain exported to the member states of the Commonwealth and emerging countries and regions, the proportion of heavy industrial products, steel, production equipment, construction equipment, etc. gradually increased, while the proportion of light industrial products decreased relatively. According to reports, the United Kingdom imports about 1.5 billion pounds of agricultural products every year. In addition to 60% from the Commonwealth member countries and former colonies, 20% is exported from the European Cooperation Organization countries, and 20% is imported from other parts of the world. The Imperial System of Preferences stipulates that only a 10% ad valorem tax is levied on the Commonwealth member countries imported into the United Kingdom.

In 1956, the value of exports of Commonwealth member countries and former colonies accounted for more than a quarter of the value of world exports, and the value of imports accounted for about 30 percent of world imports. Until 1981, the United Kingdom remained largely the largest import and export market for Commonwealth members and former colonies.

UK's foreign trade after the war can be divided into three stages: the first stage is the 1950s, which is the post-war recovery stage. At this time, in addition to the United States, West Germany, France, and Japan are either defeated countries, or have been Occupied and suffered severe wartime trauma; the second stage was in the 1960s, when West Germany and Japan came to the fore, and the growth rate of both gross national product and foreign trade exceeded that of the United Kingdom; the third stage was in the 1970s, when Western industrial countries such as In West Germany, France, and Japan in the East, the absolute figures of gross national product and foreign trade left the UK far behind, and at this time the UK was in a state of economic sickness, the so-called "British disease".

Profits from overseas investment in UK before the war paid for a fifth of trade imports, while import prices in the 1930s were 30 percent lower than in 1913. The above situation changed after the war. In 1938 UK's intangible benefits could cover 25% of the import trade value, only 15% of the import trade value in 1951-1955, and 13% after 1955. The output of machinery, vehicles and electrical equipment accounted for a quarter of the total output before the war, and increased to two-fifths after the war, while cotton and wool fabrics fell from one-sixth of the pre-war share to nine. one part. The post-war trade output of machinery, vehicles and electrical equipment increased, not only in the United Kingdom, but also in the changes in foreign trade in the United States, which is a general trend.

After entering the 1960s, the UK's foreign trade volume, with the slow rise of GDP, its share in the total world trade fell far behind Japan and West Germany, and the US's share still accounted for 20%. %. After November 1967, the current account in the UK's balance of payments gradually improved, from a deficit to a surplus. In 1969 and 1970, the United Kingdom adopted a monetary tightening policy, which restrained the import trade, while the export trade was easy to expand, so that it won the current account surplus.

1.3 Since 1998, UK's Foreign Trade Has Been Trapped in the Deficit State Caused by the Trade Deficit for a Long Time

This was due to a deficit in trade in goods, partially offset by a surplus in trade in services. After peaking at 75% in 1986 in 1985, the share of total UK merchandise trade in total trade in goods and services has been gradually declining. (35% in 2017). In 2017, the countries with the largest merchandise deficits were Germany, China, the Netherlands, Norway, Belgium and Luxembourg and Italy; the countries with the largest merchandise trade surpluses were the United States, Ireland and South Korea.

The UK trade deficit narrowed in December 2020. The UK trade deficit fell to £6.2bn in December 2020 from £6.6bn the previous month. Still, it was the second-largest monthly trade deficit since April 2019. Exports rose 1% to £46.61 billion, with freight volumes up 1.5% and services sales up 0.2%. Meanwhile, imports rose just 0.1% to £52.81bn, with purchases of goods down 0.2% and acquisitions of services up 0.9%. The country's trade deficit narrowed to £9.6bn in 2020 from £27.5bn a year earlier, with exports and imports down 17.1% and 18.9% respectively.

Britain's trade deficit fell to £1.6bn in January 2021, the smallest in five months, following the end of the transition period to exit the European Union and the reintroduction of COVID-19 restrictions. Both exports and imports fell at record rates. Imports fell 18.5% to £43.03bn, with purchases of goods down 22.8% and imports of services down 2.4%. Meanwhile, exports fell a record 11.2% to £41.4bn, with exports of goods down 18.3% and sales of services down 0.9%.

The UK trade deficit rose to £7.1bn in February 2021 from £3.4bn in January, the largest monthly trade deficit since March 2019. Imports rose 12.9% to £53.3bn, with imports of goods jumping 17.4% and imports of services up 0.6% in volume. Meanwhile, exports rose by a slower 5.4% to £46.18 billion, with exports of goods up 9.9% and services exports up 0.8% in value.

The UK trade deficit widened in March. The UK trade deficit rose to £2bn in March 2021 from a downwardly revised £900m in February. Imports rose 8% to £50.11 billion, with purchases of goods up 9.9% and services imports up 2.2%. Meanwhile, exports grew at a slower pace, up 5.8% to £48.15bn, with merchandise exports up 9.3% and services sales up 1.6%.

1.4 Since the Green Economy Initiative in 2008, the UK Has Taken the Initiative to Actively Develop Green Foreign Trade by Relying on Its Own Advantages

The UK is one of the main advocates and practitioners of the world's green economy and green trade. With the active promotion of the UK, the world's first climate change bill was passed in 2008. In 2016, promising to phase out unabated coal, the UK and Australia were the first to publish an OECD roadmap to raise $100 billion in climate finance by 2020. At the UN climate talks in 2017, the UK, Germany and Canada launched the Powering Past Coal Alliance, a coalition of 20 countries that pledged to phase out coal by 2030. In 2018, as the new rotating chairman, the UK has the opportunity to put climate issues on the agenda at the London Heads of Government Meeting; and to promote the 2020 UN climate talks Paris Agreement commitments begin

In the process of actively promoting the development of green foreign trade, the UK focused on seeking breakthroughs in four key areas. First, actively expand chemical exports. Chemicals account for 9% of UK exports (Chemicals are the UK's main export, but the associated carbon emissions are high. Strong domestic green innovation and carbon capture and storage policies will keep the industry competitive.) Chemicals Addressing the high carbon impact of the industry, which is the fourth-largest carbon emitting sector, accounting for 13% of all direct UK manufacturing emissions. 26 high-carbon supply chains could become more expensive as the world decarbonizes. Through carbon capture and storage, ammonia production, one of the industry's largest emitters, can reduce its carbon emissions by 65%-70%.

The second is to actively expand the export of automobiles. Cars account for 5% of total UK exports (to turn this trade deficit into a surplus, the UK needs to accelerate the development of electric vehicles and self-driving cars to overtake competitors), vigorous development of electric vehicle batteries in early 2020s, as of October 2017 There were 121,000 new registrations of plug-in cars in the UK at the end of the month, up from 3,500 in 2013. Jaguar Land Rover is building its first electric car in Austria due to a lack of battery factories in the UK.

The third is to actively expand the export of financial products. Finance accounts for 12% of total UK exports (as the UK's largest export earner, the financial sector needs to stay ahead of the competition with the transparency tools and products needed to decarbonise financial markets). Don't let leadership slip in the financial industry, 200 green measures were adopted in 60 countries in 2016. In 2016, the 'Big Four' banks in the UK financial sector were given a 'D' rating for their lack of climate investment policies and exposure to fossil fuels. France is now in the top three in investor sustainability ratings.

Fourth, actively expand the export of professional services. Professional services account for 14% of total UK exports (UK engineers, designers and architects are in high demand around the world. The expertise gained in building UK low carbon infrastructure will put them at the forefront of developing world markets.) In 2014, UK professional services boosted export potential with strong domestic deliveries. The UK exported £57bn worth of professional and technical services during the year. The UK's planned low carbon infrastructure pipeline fell by 25 percentage points between 2012 and 2016, while high carbon infrastructure rose by 20 percentage points, which will limit the development of UK low carbon expertise.

2. THE ADVANTAGES OF GREEN TRANSFORMATION OF UK FOREIGN TRADE

The UK has a strong global influence on environmental issues and is also a major advocate of green economy and green trade. This not only reflects the UK's responsibility as a major country, but also inseparable from its status as an industrialized global power and a member of the G7. Provide leadership in global efforts to achieve sustainable development and environmental protection. The UK's close ties to many countries and its influence in the Commonwealth give it the ability to secure commitments from some developing countries that are unwilling to sacrifice economic growth for environmental gains. Specifically, the UK has the following three advantages in promoting green trade transformation:

2.1 Solid Economic Foundation for Green Transformation of Foreign Trade

The United Kingdom is the fourth largest economy in the world, the second largest in Europe. Among EU countries, the UK has one of the highest levels of GDP per capita in terms of purchasing power parity. The UK is an open and competitive economy, and international businesses have a positive attitude towards political and economic institutions. The country has a strong scientific base and strong high-tech manufacturing capabilities in aerospace, defense and automotive. The UK economy is one of the strongest in Europe; inflation, interest rates, and unemployment remain low. Growth is now at 3.0% per annum, which is higher than that of France, Germany and many other European countries. The UK has large coal, natural gas, and oil reserves; primary energy production accounts for 10% of GDP, one of the highest shares of any industrial nation. Due to the North Sea oil during the 1990s the UK became a net hydrocarbon exporter and the second largest producer of oil in Western Europe after Norway. Around about 80% of the UK electricity is currently generated from fossil fuels, nuclear power.

The UK is the world's 8th greatest producer of carbon dioxide emissions, producing around 2.3% of the total generated from fossil fuels. Service industries, particularly banking, insurance, and business services, account for the largest proportion of GDP and employ around 70% of the working population.Manufacturing continues to decline in importance. The UK was left with a very small domestic manufacturing sector. However British companies world wide continued to be present in the sector through foreign investment or through the closure and movement of factories to Eastern Europe and the Far East in search of lower costs. Tourism is the 6th largest industry in the UK, contributing 76 billion pounds to the economy. It employs 1,800,000 full - time equivalent people – 6.1% of the working population. Agriculture is intensive, highly mechanised, and efficient by European standards, producing about 60% of food needs with only 1% of the labour force. It contributes around 2% of GDP. [4]

2.2 Solid Financial Foundation for Green

[4] Economy of the United Kingdom. Retrieved from Https://lektsii.org/13-18138.html.

Transformation of Foreign Trade

The UK financial industry is highly developed and is the top international financial center in the world today. AS well known, London borrowed and improved upon financial innovations from Amsterdam, the world's trading and financial center in the 17th century. It competed with Paris to be the biggest global financial hub until the mid-19thcentury. London held supreme until the start of the First World War, then it began to maintain a role as a center for foreign reserves and a source of short- and long-term credit. The City of London developed at the heart of the British Empire, somewhat divorced from the U.K.'s mainland economic needs, to finance trading and manufacturing throughout the formal and informal British Empire. The Bank of England consistently pursued policies that favored the City's position as a world financial center.[5]

In 2021, the financial services sector contributed £173.6 billion to the UK economy, 8.3% of total economic output. The sector was largest in London, where around half of the sector's output was generated. It was the fifth largest sector in terms of overall economic output. Financial and insurance activities have grown as a proportion of total economic output since the early 2000s. There was strong growth during the early 2000s, but since the financial crisis in 2008/9 the size of the sector has remained relatively stable as a proportion of total economic output. In 2020, the sector contributed 8.6% of the UK economic output, down from a peak of 9.1% in 2009.

The UK financial services sector was the fourth largest in the OECD in 2021 by its proportion of national economic output. Luxembourg's financial service sector was the largest in the OECD, contributing 25% of the country's economic output. There were 1.08 million financial services jobs in the UK in Q1 2022, 3.0% of all jobs. Exports of UK financial services were worth £61.3 billion in 2021 and imports were worth £16.6 billion, so there was a surplus in financial services trade of £44.7 billion. UK exports of financial services to the EU have fallen notably since 2018 – between 2018 and 2021, the value of UK exports of financial services to the EU fell by 19% in cash terms, while exports of financial services to non-EU countries grew by 4%. In Q1 2022, the EU accounted for 34% of UK financial services exports and the USA accounted for 31%.

The UK financial services sector was the fourth largest of OECD countries in 2021 by its proportion of national economic output (8.3%), down from third highest in 2020. This is up from ninth highest reported prior to 2020, due to changes to the way that the ONS calculates the economic contribution of the UK financial services sector. Luxembourg's reliance on the financial services is a significant outlier (the sector accounts for 25% of economic output in Luxembourg). This is because Luxembourg's economy is relatively small and many of the major European financial institutions are based there.[6]

2.3 Solid Technological Foundation for Green Transformation of Foreign Trade

The UK is always a science and technology superpower in the world till now, especially in the fields of biotechnology, information and communication technology (ICT) and finance. Research and innovation has both supported UK global influence and benefited from it. According to ONS data, between 1995 and 2011, overall annual spending on R&D in the UK increased in real terms by 37 per cent, from just under £20 billion to just over £27 billion. Most of this increase resulted from a growth in UK businesses' spend on undertaking R&D. The government has progressively reduced the amount it spends on undertaking R&D itself, but at the same time, has increased the funding it provides to UK business. Between 1995 and 2011, R&D undertaken by Public Research Institutions fell by £559 million (19 per cent) in real terms, but government funding of UK business increased by £255 million (19 per cent).

The UK receives a significant amount of European Commission grant to support research and innovation, although it is difficult to quantify how much of this funds activity that would meet the definition of R&D activity used by the ONS. Between 2007 and 2013, the UK will have received €4.9 billion (around £4 billion) from the Seventh Framework Programme, the European Commission's main funding mechanism to support R&D activities. This represents around 9 per cent of the total funding available under the programme. Broader European funding mechanisms, such as the Structural Funds, also provide finance for research activities. However, it is difficult to disaggregate the funds in order to quantify the proportion that supports R&D activities. The funds are managed by a number of government departments, none of which hold data on the level of support provided for R&D across the whole programme.

UK business spending on R&D is concentrated in a small number of very large firms. For example, in 2011, the top ten UK businesses, in terms of spending on performing R&D, spent £7.7 billion undertaking R&D (44 per cent of UK business spending). R&D undertaken by the UK's small- and medium-sized enterprises accounted for 23 per cent of the overall spending on R&D by UK business in 2011. However, most of this spending is by the subsidiaries of larger enterprise groups, rather

[5] DEBORAH D'SOUZA, How London Became the World's Financial Hub, June 25, 2019. Retrieved from Https://www.investopedia.com/how-london-became-the-world-s-financial-hub-4589324

[6] Georgina Hutton, Financial services: contribution to the UK economy, 1 September 2022. Retrieved from Https://researchbriefings.files.parliament.uk/documents/SN06193/SN06193.pdf

than independent SMEs, which in 2011 accounted for just 4 per cent of the R&D undertaken by UK business. The UK government spends around 0.16 per cent of GDP on combined direct and indirect funding of business R&D. This is more than most other OECD countries. The balance of direct and indirect support varies between countries, although the UK uses direct and indirect support in roughly equal proportions.[7]

The UK is the second largest destination for FinTech investment, after the United States. The UK continues to be the most attractive destination for FinTech in Europe, and investments in the sector grew by 9.1 billion in the first half of this year, a 24 percent increase from the same period in 2021. The FinTech sector in the UK is comprised of over 1,600 firms, a number that is projected to double by 2030. The sector contributes an estimated $13.4 billion (£11 billion) and over 76,000 jobs to the UK economy. In May 2019, U.S. Treasury and Her Majesty's Treasury established the U.S.-UK Financial Innovation Partnership (FIP). The FIP seeks to encourage collaboration in the private sector, to enable sharing of expertise in regulatory practices, and to promote growth and innovation.

The UK FinTech ecosystem is the largest in Europe. As the UK negotiates its future relationship with the European Union, Her Majesty's Government has made its FinTech sector a priority. In February 2021, Her Majesty's Treasury published a review of the UK FinTech industry. Spearheaded by Ron Kalifa, OBE, the Kalifa Review made several recommendations, including changes to UK listing rules, improvements to tech visas, the creation of a regulatory 'scalebox', and establishing a Centre for Finance, Innovation, and Technology. The UK government has already implemented some of the recommendations offered by the Kalifa Review, including changes to the UK listing rules. [8]

In order to strengthen the UK'S position as a global science and technology superpower, UK maybe decide to implement a strategic national goals by 2030: Sustainably increasing investment in science, engineering and technology by at least 50% to a scale commensurate with the size of our economy; Providing leadership and incentives to increase significantly the share of that investment from business and industry from 55% to 75% as seen in other successful economies; Making choices on where to focus resources informed by our present and potential competitive advantage with an explicit decision on how much risk should be borne by the government; Integrating research, innovation and growth investment by joining up all government research efforts, using government procurement as a catalyst, reinforcing research and innovation clusters and deploying growth investment nationwide; Strengthening our skills and expertise in research and innovation and attracting talented people into business and academia from around the world; Enhancing both domestic and international research and innovation partnerships to confront security threats and solve global challenges such as climate change and pandemics.[9]

3. KEY PRINCIPLES OF UK FOREIGN TRADE GREEN TRANSITION POLICY

With the end of the Brexit transition period in the UK on January 1, 2021, the adjustment of the UK's foreign trade policy is also on the agenda. The UK-EU deal will set the framework for UK future trade with much of the world until a long-term free trade agreement is reached. The UK's green transition policy for foreign trade, in the context of the deep global impact of the COVID-19 pandemic, is closely related to global trade and people's well-being goods. In the UK, where up to 15% of food comes from Asia, Africa and Latin America, the UK and the international community are deeply interdependent on the food and supplies we depend on, and experts believe that the following principles need to be followed to establish a fair, Sustainable and resilient trade policy.

3.1 Fairtrade principles for UK foreign trade green transition policy

Fair Trade is a partnership of trade activities based on dialogue, transparency and mutual respect, aiming to pursue greater fairness in international transactions, based on providing fairer terms of trade and ensuring the rights of marginalized workers and producers . Fairtrade is an organized social movement that promotes a fair standard of labor, environmental protection, and social policy around the world. Its products range from handicrafts to agricultural products. The movement pays particular attention to those sold from developing countries. export to developed countries. It involves the fairness of international trade relations, the fairness of international trade rules, the fairness of international trade entities, and the fairness of international trade activities.

Fairtrade in the UK is part of a global Fairtrade system which supports 1.71 million Fairtrade workers in 73 countries around the world. Our conclusion is that better guidance and support is needed to increase confidence amongst businesses about how to undertake pre-competitive collaboration in ways that are compliant with

[7] Research and Development funding for science and technology in the UK, June 2013. Retrieved from Https://www.nao.org.uk/wp-content/uploads/2013/07/Research-and-development-funding-for-science-and-technology-in-the-UK1.pdf

[8] United Kingdom - Country Commercial Guide. Retrieved from Https://www.trade.gov/country-commercial-guides/united-kingdom-financial-technology-fintech

[9] Strengthening The UK'S Position as a Global Science and Technology Superpower. Retrieved from Https://www.gov.uk/government/publications/the-uk-as-a-science-and-technology-superpower/the-uk-as-a-science-and-technology-superpower-accessible-html-version-of-letter

existing competition policy, and The UK regulator should also set active strategic goals to align its operations with the UK's sustainability goals. To build back better from the COVID-19 pandemic, future UK trade policy must support fair trade. The COVID-19 pandemic shows us the stress placed on global supply chains by a majorshock. Fairtrade supply chains saw widescale disruptions to trade, logistical challenges and increases in the costs of production in many sectors, in core food sectors such as fresh fruit and vegetables.

With around 10-15% of the UK's overseas food imports coming from Asia, Africa and Latin America, (the Trade & Agriculture Commission report puts the value of food imports at £47.7 billion) UK food security and consumer interests are inextricably linked to the health of economies and the stability of societies in low-income countries. The UK therefore has a high interest in promoting resilience and investment in what are currently fragile and threatened supply chains.[10] Our supply chain depends on its weakest link, and supporting farmers and agricultural workers is supporting the future of food security in the UK. People paying poverty wages will grapple with future shocks. Resilience means ensuring those chains in our supply have the income, resources and capacity to respond quickly and safely to shocks, continuing to supply themselves and their families and UK consumers in a time of crisis.

A joint trade policy based on fair trade is needed to successfully implement the overall UK foreign trade strategy. This includes ensuring that future free trade agreements incentivize the jobs that decent British publics want to see, sustainable job creation and development goals that are necessary for us to address supply chain risks. Future UK foreign trade policy must at least ensure existing market access for farmers and agricultural workers in developing countries. The new tariff schedule, the UK GSP and future free trade agreements must not lead to a shrinking of the UK market for developing country producers. We should not allow tariffs to increase, and we should avoid diminishing preferences for developing countries under new free trade agreements. But our ambitions should be higher, and we have the opportunity to improve the current offer awarded to developing countries and set the "gold standard" of trade for development policy.

3.2 Sustainable Principles for a Green Transition Policy in UK Foreign Trade

There are three pillars of post-Brexit sustainable trade policy: democracy, the environment and human rights, which are at the heart of post-Brexit trade policy. To rethink the role of trade in the 21st century, the UK is committed to building consensus across groups and developing trade policies that benefit people and the planet. During trade deal negotiations, the UK government believes it should empower UK MPs, UK civil society and ordinary citizens, increase transparency on the content of trade deals, and set clear boundaries on the environment and human rights to influence post-Brexit Our trade policy is more scientific, otherwise it will pose risks to our environment and sustainable development. Environmentally, climate change is humanity's greatest challenge and a top priority for the UK government, which has committed to net-zero carbon emissions by 2050.

It is well known that trade policy directly affects the environment in a number of ways. Generally speaking, trade deals aim to increase overall trade, but the growth of high-carbon industries is clearly problematic. Therefore, specific provisions of trade agreements should drive the negative impact of reduced trade activity on climate change. An important avenue is environmental regulation, including regulatory cooperation between countries, and the use of investor tribunals to challenge environmental policy. Currently, there are significant differences in regulatory approaches between countries, with the EU and the US becoming two different extremes: the former places more emphasis on the precautionary principle, while the latter places more emphasis on a "science-based" approach. An important policy choice for the UK as it negotiates new trade deals is therefore which pole it chooses to align with, but it has yet to take a clear position.

Some WTO rules already limit the regulatory capacity of member countries, for example, requiring regulation "not more than necessary to trade restrictions" to achieve "legitimate policy objectives". There are many practical steps the UK can take to put climate at the heart of post-Brexit trade policy. And regulations that restrict trade, even those designed for important environmental reasons, can be subject to legal challenge. Specifically, the UK's new trade deal should be subject to our environmental commitments – including the Paris climate agreement. Common goals on climate, biodiversity, energy, food and other standards should not be limited to preambles or separate chapters of unenforceable trade agreements, but should be given equal enforceability.

Trade policy has important implications for trade and sustainable development. In addition to abuses in supply chains, trade deals can hinder the ability of governments to raise standards in areas such as labor rights, gender rights, economic justice and public health. Regulations in areas such as minimum wages, health measures, services and procurement can lead to increased costs or the need to increase household burdens. In practice, the UK must place sustainability at the heart of its post-Brexit trade policy. First, trade negotiations with developing countries must prioritize national development goals and be conducted in a way that promotes regional trade; A

[10] Https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/969045/ Trade-and-Agriculture-Commission-final-report.pdf

transparent process of engagement and a clear strategy for its relations with developing countries to ensure representation of a broad range of interests.

Trade deals tend to go further and are increasingly aimed at harmonizing regulations between countries, which can put downward pressure on standards aimed at protecting the environment and lead to a "race to the bottom". This is because trade agreements are designed to facilitate trade rather than achieve environmental goals: the environmental chapters of trade agreements are often unenforceable, and regulations that restrict trade—even if designed for important environmental reasons—may be legally challenged. The UK is currently negotiating stand-alone free trade agreements with a number of countries and must consider the implications of proposed free trade agreements for developing countries. For example, the agreement could promote "green technologies" and also increase high-carbon trade. The UK is currently negotiating stand-alone free trade agreements with many countries and must consider the impact of proposed free trade agreements on developing countries, should promote "green technology" and global decarbonization goals, and thus promote sustainable economic and trade growth. (Bergan and Lawrence, 2020)

3.3 Resilient Principles for UK Foreign Trade Green Transition Policy

In March 2021, the government published our vision for the UK's role in the world for the next decade: "Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy". It describes how ensuring the safety and protection of UK nationals is the government's primary responsibility. A key part of this is a greater focus on building national adaptive capacity. Like all countries, the UK faces a complex and geographically diverse set of risks, including extreme weather, terrorism, pandemics, cyber-attacks, geopolitical conflicts and more. The UK must prepare for the potential future exposure to all these risks and more. We need to strengthen our ability to prevent risks, adapt to uncertainties, mitigate the effects of risks we cannot prevent, and recover quickly to be ready for the next challenge.[11]

Resilience has long been an integral part of the UK's approach to national security and crisis management. We have fully tested risk assessments, risk management, and response and recovery measures to cover a wide range of scenarios. It highlights the importance of considering our domestic resilience on a global scale, requires us to call on a wider range of individuals and organisations to engage in the response, strengthen international cooperation to address shared global challenges, develop national resilience strategies and strengthen resilience to crises that enable us to Better able to handle "system-wide" emergencies and restore our nation's resilience as quickly as possible. The UK has solid foundations to build on, and current resilience is based on crucial contributions from all walks of life.

Greater resilience is essential for prosperous open societies and economies, and the UK already has strong global relationships, both bilaterally and multilaterally, and should continue to strengthen internationalisation to support the overall resilience of the global partnership. In driving green foreign trade, the UK will accelerate the transition to a zero-carbon global economy through alliances and partnerships, protect and restore biodiversity, and support resilience and resilience, building on its domestic commitment to net-zero emissions by 2050 . The UK is committed to safeguarding global and UK resilience by developing and enhancing international resilience investments that help to identify international risks in advance, prepare effectively and act early. The role of the international financial institutions and the United Nations is critical in providing an international system that protects our collective resilience.

The UK's decision to seek a close trade relationship with the EU has not changed despite the UK's departure from the EU on January 31, 2020. The UK economy has grown steadily since the 2016 referendum, but growth has slowed markedly. A key factor in the recovery will be how to continue close trade relations with the EU after exiting the EU's single market and customs union at the end of 2020. Productivity and employment in the UK benefit from the EU's extensive trade with the UK, with services accounting for around 45% of total UK exports. The UK has established a comparative advantage in financial services, and it also shows strong advantages in insurance, personal services and other business services. In contrast, industry advantages in areas such as agriculture and metal products manufacturing in the UK are less pronounced.

A trade deal with other non-EU countries could improve the UK's future growth prospects but to a limited extent. The UK currently has five trade agreements with non-EU countries and some others are well underway, but most are in the early stages of negotiation. Given the current close integration of the UK economy with the EU, its distance from other countries and the large number of preferential trade agreements that the EU has concluded in the past, these trade agreements are likely to bring only limited benefits relative to EU member states. UK PTAs cover around 41% of EU trade in goods with the rest of the world, including recent agreements with Canada, Japan, Singapore, Vietnam or the yet-to-be-implemented Mercosur.[12]

[11] The National Resilience Strategy. Retrieved from Https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001404/Resilience_Strategy_-_Call_for_Evidence.pdf

[12] Economic Survey of the United Kingdom (October 2020). Retrieved from Https://www.oecd.org/economy/surveys/United-Kingdom-2020-OECD-economic-survey-overview.pdf.

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