

## Trade Justice Scotland Coalition



### Submission to DIT on Trade white paper from the Trade Justice Scotland coalition

Dear Stakeholder Engagement Team at the Department for International Trade,

Please accept this submission from the Trade Justice Scotland coalition. The coalition is a broad-based network of trade unions, NGOs and local activist groups, representing tens of thousands of Scottish citizens.

Together we are concerned about the new generation of trade deals (such as TTIP and CETA) which go beyond tariffs and quotas and into the realm of public policy and regulatory standards, and have the potential to impact areas like food standards, workers rights and environmental protection. We also have concerns about the privileges given to foreign investors, over elected governments, through the investor state dispute settlement mechanism and the investor court system. And we believe that the current system of negotiating, approving and ratifying trade deals with almost no input from members of the UK parliament or the devolved administrations must be changed to improve transparency, democratic accountability and to give a formal role to elected members in Westminster, Holyrood, Cardiff and Stormont.

#### Creating trade policy that is transparent and inclusive

The white paper states that the government is aiming to create a trade policy that is “transparent and inclusive”. We would support this aim, but feel that the white paper is lacking in detail on how it would work.

We believe that trade negotiations should begin with, and continue to create, opportunities for meaningful consultation with the public, with the UK parliament, and with the devolved administrations. The UK parliament should be able to scrutinise, amend or terminate trade negotiations. Negotiations should be fully transparent for parliament and the public. The interim and

final texts of trade agreements should be published, with versions also written in plain language so that their implications can be understood by all.

Devolved administrations should be given the opportunity to participate in the formulation of the negotiating mandate for new UK trade deals. New trade deals should be debated and voted on at Holyrood, Cardiff and Stormont, with the right of elected members to have a binding vote for or against any aspects of an agreement that fall within their devolved competencies (e.g. health in Scotland.) There should be options for a referendum on particularly controversial deals.

### **Unilateral trade preferences**

The commitment to maintain duty-free, quota-free, non-reciprocal access for least developed countries is welcome. However the proposal to replicate the EU's EPAs is problematic as they have been very controversial.

To maximise the developmental impact, the UK should not replicate EPAs but should instead:

- extend the country coverage of the duty-free quota-free scheme
- extend the product coverage of general preference schemes (GSP and GPS+) to include products that are exported by a broader range of developing countries
- improve the operation of these schemes through simplifying rules and reducing GSP/GSP+ tariffs

The UK should assess the developmental impact of all its trade deals, not just those with developing countries, both on trade levels and policy space.

### **Overall direction**

The white paper makes a number of assumptions about what kind of global trade environment is desirable, including the liberalisation of services. The Trade Justice Scotland coalition would like to see these assumptions tested in a robust and democratic way, taking into account all possible negative effects.

As a coalition, we have put together a set of principles and recommendations that we believe UK trade policy, and future trade deals, should be based on. We now submit these as part of our response to your consultation:

1. Trade rules should comply with human rights, labour standards, environmental standards and climate commitments.
2. Trade agreements should focus on trading in goods. Public services, patents, local and national government procurement, domestic regulation, migration, investment and data privacy lie outside the scope of trade agreements. A policy of "positive listing" would reinforce this principle.
3. Domestic courts rather than 'corporate courts', (which give foreign companies special legal rights outside of the national legal system) should deal with trade disputes raised by corporations. The Investor State Dispute Settlement mechanism, the Investor Court System and the proposed Multilateral Investment Court are heavily weighted against governments.

4. Currently, trade deals grant too much power to corporations, weakening democracy and the ability of governments to protect people and the planet. We believe that trade deals should honour obligations to human rights, workers' rights and climate change commitments. Trade deals should be used to help build a fairer society and protect the planet.
5. Trade agreements should include mechanisms for individuals, groups and communities to bring grievance proceedings for harm caused by the trade agreements. The requirement for a periodic review of the social, environmental and human rights impact of a trade agreement should be written into the text, with a provision for parliament to withdraw from a trade agreement if it is too damaging.
6. A compensation package and alternative decent work for those who lose out as a result of a trade deal should be a pre-requisite of any trade negotiation. When agreements are between developed and developing countries, the developed countries should provide finance for this.
7. Trade agreements must ensure tariffs and trade preferences take social and environmental considerations into account, so that goods with less environmental impact and higher social welfare for example Fair Trade goods, receive greater preference.
8. Trade agreements should commit countries to raising standards to the highest, not lowest level, including meeting international and national human rights, labour, environmental and climate obligations.
9. A just trade system should be based on solidarity not competition. Within this system trade deals could facilitate the sharing of knowledge and technology, for example low carbon energy and generic medicines, particularly with countries in the global south.
10. Foreign aid should be kept as a separate issue from trade, so that it cannot be used to persuade a country to open up its domestic markets.

The upcoming Trade Bill offers an opportunity for the UK to develop a trade policy that is just and ethical. It should be a chance for the UK to demonstrate that it is possible to be a successful trading nation without threatening vital social and environmental protections or subjecting poorer countries to economic damage through flawed trade agreements. Whether this opportunity is taken depends on the decisions made in the coming months and years. The best way to ensure this is through proper democratic input, scrutiny and accountability of any new trade deals entered into by the UK.