

Debate Pack

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General debate on international trade and geopolitics

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Summary

There will be a general debate on international trade and geopolitics on Thursday 20 April 2023 in the House of Commons chamber. The debate was scheduled by the Backbench Business Committee.

1 UK trade policy in a changing geopolitical landscape

Over the last couple of years, the world geopolitical and trade landscape has become increasingly volatile. Covid-19 pandemic and Russia's invasion in Ukraine have significantly disrupted international trade and supply chains. Major players such as the US, the EU or Japan view China's growing international assertiveness with caution, and the UK's [largely cordial relationship with China has deteriorated sharply](#).

As a result of these shifts, trade and investment policies are increasingly being linked to national security interests – for example by investment screening to protect strategic sectors of the economy or trying to secure supply of scarce resources such as rare earth minerals. At the same time there are concerns about the risk of 'security-washing' - whereby protectionist trade measures are justified on security grounds.¹

Countries also see trade policy as a tool to pursuing broader policy goals such as the transition to green and digital economies.² Plans of major UK trading partners to grow their domestic green industries through increased subsidies and investment – including the US Inflation Reduction Act and the EU's Green Deal Industrial Plan – pose another strategic challenge for the UK trade policy.

1.1 UK trade policy priorities

The Government has not published a single strategy document for trade agreement negotiations, while [urged to do so by the shortly to be dissolved International Trade Committee](#). The Government says its approach and direction of trade policy are explained in the Integrated Review, which provides the strategic context for the UK trade policy, as well as in the Department for International Trade's outcome Delivery Plan (ODP). UK trade policy objectives in the ODP are:

1. Secure world-class free trade agreements and reduce market access barriers, ensuring that consumers and businesses can benefit from both.
2. Deliver economic growth to all nations and regions of the UK through attracting and retaining inward investment.

¹ The Trade and Public Policy Network (TaPP), [Developments in Trade and National Security: Considering the UK's role](#) (PDF), March 2023

² Chatham House – International Affairs Think Tank, [Global trade in 2023](#), 30 January 2023

3. Support UK business to take full advantage of trade opportunities, including those arising from delivering FTAs, facilitating UK exports.

4. Champion the rules-based international trading system and operate the UK's new trading system, including protecting UK businesses from unfair trade practices.³

Kemi Badenoch, Secretary of State for Business and Trade (then International Trade), signalled in November 2022 addressing the International Trade Committee, that her department's focus would shift from pursuing new free trade agreements to trade policy consolidation – making sure existing agreements are being used and work efficiently.⁴

Integrated Review Refresh 2023: trade aspects

The UK Government has set out its national security and international policy in the Integrated Review. This overarching strategy identifies the core values of the Government's foreign policy, and assesses risks and threats. This document provides the strategic context for the UK trade policy, which the Government [perceives as interwoven](#) with defence, diplomacy, and international development policies.

The first Integrated Review (IR21), [Global Britain in a Competitive Age](#) published in March 2021 set out a vision for "Global Britain" for the next decade. This incorporated the UK's response to what it described as a more competitive and multi-polar world, characterised by competition between states. It stated that UK's future prosperity and security will be enhanced by deepening trade ties with dynamic and emerging markets such as the Indo-Pacific. It also underlined the need to shape an open future international order, sustain the UK's strategic advantage through science and technology, strengthen its security and defence, and build resilience. Trade would have a role in achieving all of these broader policy aims.⁵

The Government produced the [Integrated Review Refresh 2023 \(IRR23\)](#) in March 2023 in response to significant world events that have taken place since the 2021 strategy.⁶ This includes the war in Ukraine and China's pursuit

³ International Trade Committee, [Third Special Report - UK trade negotiations: Parliamentary scrutiny of free trade agreements: Government Response to the Committee's Fourth Report](#), 26 January 2023, para 15;

The Department for International Trade has been merged into the new Department for Business and Trade in February 2023.

⁴ International Trade Committee, [Oral evidence: The work of the Department for International Trade, HC 16](#), 30 November 2022, Q315

⁵ International Trade Committee, [Third Special Report - UK trade negotiations: Parliamentary scrutiny of free trade agreements: Government Response to the Committee's Fourth Report](#), 26 January 2023, para 15

⁶ HM Government, [Integrated Review Refresh 2023: Responding to a more contested and volatile world](#), CP 811, March 2023

of a dominant role in global affairs.⁷ The IRR23 affirmed many of the trends shaping the international environment identified in IR21: shifts in the distribution of global power; inter-state ‘systemic’ competition over the nature of the international order; rapid technological change; and worsening transnational challenges.

Trade challenges

The IRR2023 recognises the global trading system is under pressure as global competition for sources of energy and critical resources is increasing and more countries are tending towards protectionism through ‘onshoring’ and ‘friendshoring’ of production.

Geopolitical tensions over sources of energy have increased significantly following the conflict in Ukraine. This may be intensified by the net zero transition and the growing demand for key technologies, raw materials and critical minerals.

Technological competition has accelerated with more countries pursuing technological autonomy and significantly investing in their domestic sectors – as evidenced by [the US CHIPS and Science Act](#) and [the European Chips Act](#), by increasing export controls, and trends towards data localisation (requirements to store and process data within a specific jurisdiction).

The strategy recognises tackling climate change, environmental damage and biodiversity loss as the UK’s first thematic priority alongside sustainable development, shaping the emerging global digital and technology order, cyberspace, space and the maritime domain.

Economic security and critical supply chains

According to the IRR23 the ongoing major restructuring of the global economy is a challenge to the UK’s open economy and approach to free trade. In this light the UK Government intends to strengthen the country’s economic security. Its priorities in the area of economic security include:

- A launch of a new Economic Deterrence Initiative to improve the implementation and enforcement of the UK’s trade and financial sanctions. The initiative would receive up to £50 million over two years.
- Improving supply chain resilience and reducing reliance on single source of critical goods.

The Government is working on a new strategy on supply chains and imports. It has published a [refresh of the Critical Minerals Strategy](#) from July 2022.⁸ Work is ongoing on [a new Semiconductor Strategy](#) to grow the domestic

⁷ [Commons Library briefing CBP-9750, The Integrated Review Refresh 2023: What has changed since 2021?](#) 15 March 2023

⁸ Department for Business and Trade, [Critical Minerals Refresh: Delivering Resilience in a Changing Global Environment](#), 13 March 2023

semiconductors sector and improve resilience of semiconductor supply chains. The Foreign Affairs Committee [launched an inquiry into critical minerals](#) in December 2022.

Global trading system

The IRR23 states the Government will continue to promote an open and transparent global trading system through its work with partners, and will seek to update the institutional economic, financial and trade architecture and rulebooks. It will also address economic coercion and other non-traditional threats to international trade. This includes a continued support for the reform of the World Trade Organization (WTO), and strengthening multilateral cooperation on trade issues.⁹

Capitalising on the UK's economic strength in science and technology the UK will focus on efforts to shape the emerging global digital and technology order. The UK will seek to shape open, democratic norms, rules and standards and effective oversight, while opposing the overreach of state control. In terms of trade, it translates into pursuit of cooperation in digital trade and regulation, and e-commerce, both at the international level and in bilateral relations.¹⁰

Geographical focus & trade agreements

IRR23 top priority geographic areas are the Euro-Atlantic, the Indo-Pacific and the wider neighbourhood, which it defines as “the regions on the periphery of the Euro-Atlantic where developments have direct consequences for [the UK's] home region, from migratory flows to transnational security threats”

The UK's overriding strategic priority remains the **Euro-Atlantic region** as an essential source of its security and prosperity. In its relationships with the EU, the Government will build on the Trade and Cooperation Agreement and the Windsor Framework “to enter a new phase in our post-Brexit relationships in Europe.”¹¹ See further information on the Windsor Framework in the Commons Library briefing, [Northern Ireland Protocol: The Windsor Framework](#).

The UK is seeking to deepen trade ties with the US. There is currently no free trade agreement between the UK and the US. Negotiations on a free trade deal opened in 2020 but no progress is expected soon. To boost investment and exports to the US, the UK is seeking Memorandums of Understanding (MoU) with individual US states. These are not full free trade agreements and

⁹ HM Government, [Integrated Review Refresh 2023](#), CP 811, March 2023, para 31

¹⁰ HM Government, [Integrated Review Refresh 2023](#), CP 811, March 2023, para 32

¹¹ HM Government, [Integrated Review Refresh 2023](#), CP 811, March 2023, paras 10-16

do not reduce tariffs. MoUs have been signed with Indiana, North Carolina, South Carolina, and Oklahoma.¹²

In terms of UK's wider trade policy objectives, the Government is seeking to cooperate with the US to uphold the multilateral rules-based system, increase security through free trade and avoid protectionism.¹³ The Government has raised concerns with the US Inflation Reduction Act, which introduces various tax incentives to support electric vehicle and battery production, renewable energy, clean hydrogen and other areas (see section 1.2 below).

The Integrated Review 2021 outlined the UK's "**tilt to the Indo-Pacific**". The Integrated Review Refresh 2023 argues that the Government has delivered its ambition for the original tilt and the results have been achieved by non-military means, including trade policy.

Now the Government says it is time to put its approach to the region on "a long-term strategic footing, making the region a permanent pillar of the UK's international policy". In particular, the refresh says the UK "believes that a free and open Indo-Pacific is one where a regional balance of power ensures no single power dominates", and that the UK would work to align its regional strategy with the Indo-Pacific strategies of partners such as the Association of Southeast Asian Nations (ASEAN), Canada, the EU, France, Germany, India, Japan, the Republic of Korea and the US.

The Government now plans to deepen its bilateral trading relationships in the Indo-Pacific by implementing bilateral FTAs with Australia, New Zealand, Japan, and Singapore, upgrading the FTA with South Korea and others, and finalising FTA negotiations with India.

In 2022-23 the UK reached a [Digital Economy Agreement](#) and a [Green Economy Framework](#) (a Memorandum of Understanding) with Singapore, to collaborate on digital trade and climate policies. In December 2022 the UK signed a [Digital Partnership](#) with Japan on digital infrastructure and technologies, data, digital regulation and standards, and digital transformation.

CPTPP

The UK is joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), an Asia-Pacific trade bloc made up of 11 countries.

¹² Commons Library Briefing CBP-9314, [Progress on UK free trade agreement negotiations](#); Department for Business and Trade, [Trade Minister in US to sign Trade Minister in US to sign fourth trade pact with a US state](#), 19 April 2023

¹³ Department for International Trade, Speech of Kemi Badenoch, Trade Secretary during her visit to the CATO Institute, Washington DC, [UK and US must work together to promote free trade and future-proof our economies - GOV.UK](#), 15 November 2022

The Government argues that CPTPP membership will bring a [range of benefits](#), including lower trade barriers to a dynamic region expected to become increasingly significant in the global economy. CPTPP accession also forms part of the Government's "Indo-Pacific tilt" set out in the [Integrated Review](#).

The economic benefits appear to be small. The [Government's scoping assessment](#) indicated the long-run increase in GDP would be 0.08% but could be higher if other countries, such as South Korea, join the bloc.

Business organisations are generally in favour of joining the CPTPP. Civil society groups are concerned about a number of issues including food safety, the environment, investment provisions and the adequacy of Parliamentary scrutiny.

China

China is one of the UK's main trading partners. In 2021, China accounted for 4% of UK exports and 10% of UK imports, being the UK's 2nd largest import partner.¹⁴

The IR21 emphasised the Government's intention to [continue pursuing a "positive trade and investment relationship"](#) with China, while at the same time ensuring the protection of national security. The IRR23 acknowledges that China remains an important partner and plays a vital role in many global supply chains that are significant for the UK economy. It also acknowledges the necessity to cooperate with China on transnational issues such as climate change.

In this light the UK will continue to "engage constructively" with China when it aligns with the UK's core national interests and with maintaining an open and stable international order. The IRR23 also highlights concerns about China's approach to human rights, and its international commitments. Therefore, wherever "the [Chinese Communist Party's] actions and stated intent threaten the UK's interests" the UK will "take swift and robust action to protect them".¹⁵

In terms of trade the IR23 states the UK will engage with China bilaterally and in international fora, and pursue a positive trade and investment relationship while ensuring trading and investment is "safe, reciprocal and mutually beneficial".¹⁶

For further information see Commons Library Briefing, [UK relations with China during the presidency of Xi Jinping](#).

¹⁴ ONS, [UK total trade: all countries, seasonally adjusted](#)

¹⁵ Commons Library Briefing, [UK relations with China during the presidency of Xi Jinping](#), 14 March 2023, section 2.4

¹⁶ Commons Library Briefing, [UK relations with China during the presidency of Xi Jinping](#), 14 March 2023, section 2.4

Other countries

The UK's focus on the wider neighbourhood refers to the Middle East, Africa, and beyond, where the Government will seek to build long-term ties across shared interests, and look for opportunities to collaborate across a broader range of issues. In these regions the UK does not intend to force “zero-sum choices or encouraging bipolarity in the international system”. The IRR23 does not elaborate on trade priorities in these regions.¹⁷

The Government is negotiating free trade agreements with the Gulf Cooperation Council representing Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE. It has also opened FTA negotiations with Israel.¹⁸

Trade and aid

The UK Government's [Strategy for international development \(May 2022\)](#) identifies financial investment in developing countries as one of the priorities for UK aid. The UK investment aims to help countries grow their economies sustainably, and without imposing unsustainable levels of debt. Investment in businesses and trade overseas would contribute to reducing poverty.

UK investment is channelled through British International Investment (BII) – UK's development finance institution. BII's investment strategy supports the UK's wider engagement in the Indo-Pacific as well as Africa, partly in response to China's investment. IRR23 confirms the Government will launch a BII regional hub in Singapore. BII efforts focus on addressing climate change, trade promotion, and poverty.

The focus on trade has been one of the [most controversial elements of the new UK aid strategy](#). Some charities fear the promotion of trade could mean the UK has an increased focus on higher performing countries to take advantage of trade opportunities and overlooks development priorities such as addressing the levels of debt in lower income economies.¹⁹

The Government argues that [increased trade means growing economies, rising incomes, job creation, and the reduction of poverty](#). It will also help low- and middle-income countries become the UK's “trade and investment partners of the future.”²⁰

For more on the UK's Strategy for international development and the BII, see Commons Library briefings [The UK's 2022 aid strategy](#) and [BII: Trade and aid](#).

¹⁷ HM Government, [Integrated Review Refresh 2023](#), CP 811, March 2023, paras 21-24

¹⁸ Commons Library Briefing CBP-9314, [Progress on UK free trade agreement negotiations](#)

¹⁹ Devex, [UK development strategy panned as “aid for trade,” missed opportunity](#), 16 May 2022

²⁰ FCDO, [UK government's strategy for international development](#), 16 May 2022, para 10

1.2

Trade and green industrial policies

Plans of major UK trading partners to grow their domestic green industries – including the US Inflation Reduction Act and the EU’s Green Deal Industrial Plan – pose another strategic challenge for UK trade policy.

The US Inflation Reduction Act (IRA)

The US Inflation Reduction Act, passed in August 2022, makes \$369 billion available to climate and clean energy programmes in the US. The Rhodium group, an independent research provider, estimated that the Act will help to [reduce US greenhouse gas emissions to 32-42%](#) below 2005 levels by 2030, compared to 24-35% without the Act.

The Act introduces various tax credits and other incentives, which relate to electric vehicle tax, renewable energy, electricity from renewables, sustainable aviation fuel, clean hydrogen and other areas. Examples are

- Tax credits for purchase of electric vehicles (EVs);
- Tax credits for investment, production and/or transmission of solar, wind and nuclear energy;
- Tax credits for carbon capture and storage;
- Tax credits for production of clean hydrogen;
- Investment in industrial facilities.

Various incentives and subsidies in the Inflation Reduction Act are often contingent upon production of goods, their components or sourcing raw materials in the US, North America or countries which have free trade agreements with the US. These measures are expected to affect international trade and investment.

More information on the Inflation Reduction Act

- A [one-page summary](#) of the entire Act was produced for reference by the Democratic Party in the US Senate, who supported the passage of the Act. A more detailed assessment of this Act and other recent legislation that provides funding for green initiatives is available from a Boston Consulting Group slide-pack on the [climate and energy provisions of the Act](#) (PDF).
- The US Congressional Research Service (CRS) briefing [Inflation Reduction Act of 2022 \(IRA\): Provisions Related to Climate Change](#) (PDF) looks at all provisions of the Act related to climate change and includes a short summary of each provision. The CRS is the US Congress’s equivalent of

the Commons Library, an independent impartial research service for legislators.

- [What is the Inflation Reduction Act? - UK in a changing Europe \(ukandeu.ac.uk\)](https://www.ukandeu.ac.uk), 7 March 2023

International reaction to the IRA's effects on trade

Alongside the EU, Canada, Japan and South Korea, the UK Government has highlighted to the US Government its concerns with the US IRA policies.²¹

EU response and mitigations

The European Commission (EC) has said the US IRA was breaking the World Trade Organisation (WTO) rules in relation to measures under the Act, which introduce domestic content requirements.²² The WTO Agreement on Subsidies and Countervailing measures prohibits subsidies contingent on the use of domestically produced goods or services, often known as 'local-content' subsidies. The US, the EU and the UK are part of this agreement.²³

The EU is also concerned the IRA will affect its trading relationship with the US and entice businesses to move their investment to the US, away from their domestic markets. It has warned of a risk of a subsidy race between countries in an attempt to attract or retain investment in green industries.²⁴

To address the EU's objections to the US IRA, the EU and the US launched [the EU-US Task Force on the US IRA](#) in October 2022. The US has issued a new guidance regarding the Commercial Clean Vehicle Credit (CCVC) scheme under the US IRA. Under the guidance, EU producers of clean vehicles and inputs will have access to the CCVC on similar terms to companies from US North American free trade agreement partners – Mexico and Canada.²⁵

²¹ Financial Times Brexit newsletter - [Britain getting squeezed by US & EU on protectionism?](#) 8 December 2022

²² Sam Fleming, Andy Bounds, How does the EU respond to Joe Biden's \$369bn green subsidies bill? [Financial Times](#), 27 November 2022

²³ This agreement sets out rules on the use of subsidies in international trade in goods and actions countries can take to protect their economies from the effects of another country's subsidies. In retaliation for certain prohibited subsidies in an exporting country, an importing country can tax imports of the subsidised good – this is known as imposing a 'countervailing duty'. See Commons Library Briefing, CBP-9270, [Subsidy Control Bill 2020-21](#) (PDF), 17 September 2021, p31

²⁴ [EU ministers seek response to Biden's \\$369bn climate subsidies](#), Financial Times, 25 November 2022; Max Von Tun, Open Markets Institute, [EU response to Inflation Reduction Act must not damage competitive markets](#), Euractiv, 1 March 2023;

[Europe cannot afford to engage in tit-for-tat with the US](#), a letter by European Commission Executive Vice-presidents, Valdis Dombrovskis, Frans Timmermans, Margrethe Vestager, Financial Times, 26 January 2023

²⁵ European Commission, [EU welcomes access to US subsidy scheme for commercial vehicles](#), 29 December 2022

There are further signals that US officials have agreed that the implementation of the IRA could include as many EU components as possible, from electric vehicles and batteries to critical minerals.²⁶

Besides seeking mitigations with the US Government, the European Commission is working on two main directions of domestic response:

- relaxing its state aid rules for business support²⁷ and
- seeking to match the overall level of the US financial support for the development of green technologies.

The [EU Green Deal Industrial Plan](#), published on 1 February 2023, sets out how existing EU financial instruments will be redirected to boost green investment. There is no indication of additional EU-level subsidies in the short term.²⁸

Effects on the UK trade and investment

Trade experts and sector representatives have expressed concerns that increasingly proactive US and EU [green policies might divert green investment from the UK](#). Stakeholders signal the US IRA [could affect the UK's potential to develop industrial expertise](#) in areas such as carbon capture, clean hydrogen and investment in clean energy technologies, and mitigation of greenhouse gas emissions.²⁹

The UK car industry is lobbying the Government to get [similar concessions from the US as the EU did](#), such as opening up the US IRA Commercial Clean Vehicle Credit (CCVC) scheme to UK-produced EVs and parts.³⁰ The US is the second-largest destination for British-made vehicles after the EU.³¹ In March The Society of Motor Manufacturers and Traders (SMMT) published a report, [Race to Zero: Powering Up Britain's EV Supply Chain](#), setting out a series of measures that it sees as necessary to help UK's carmakers compete internationally.³²

²⁶ Financial Times, [France and Germany claim assurances from US over green subsidies](#), 7 February 2023

²⁷ European Commission, [State aid: Commission consults Member States on proposal for a Temporary Crisis and Transition Framework](#), 1 February 2023

²⁸ European Commission, [Communication. A Green Deal Industrial Plan for the Net-Zero Age](#) (PDF), 1 February 2023; Borderlex, [Blog : More of the same? On the EU's Green Deal Industrial Plan](#), 31 January 2023

²⁹ Larry Eliot, [Biden's clean energy brainwave paves Britain's way to post-Brexit growth. Dare we copy him?](#), The Guardian, 26 January 2023; Oliver Wright, [UK fears Biden's IRA will ruin UK car exports to USA](#), The Times, 23 December 2022

³⁰ Oliver Wright, [UK fears Biden's IRA will ruin UK car exports to USA](#), The Times, 23 December 2022

³¹ [Brexit Britain trapped in the middle as US and EU go to war on trade – POLITICO](#), 29 November 2022; Oliver Wright, [UK fears Biden's IRA will ruin UK car exports to USA](#), [The Times](#), 23 December 2022

³² Reuters, [UK car industry body calls for urgent response to US, EU plans](#), 8 March 2023

Employers' organisations - the Confederation of British Industry (CBI) and the Institute of Directors - have called upon the Government to take action [to boost green investment](#) or [risk losing to international competition](#).³³

Several international trade experts have said the UK could get squeezed in both the EU and the US markets amidst a potential EU-US trade war and subsidy races, without having a say on any of them. Also, the UK wouldn't be in a position to increase its own subsidies given the economic situation and the fiscal tightening. Concerns have been raised the UK would struggle to get the message across with the US Government due to its limited importance as a "trade partner and market".³⁴

International trade scholars have proposed various policy options for the UK Government including:

- Pursuing bilateral dialogues with the US, the EU and other countries on their green subsidies. For example, the UK should seek that UK-originating goods and inputs are covered by the domestic content requirements under the IRA and benefit from tax measures, similar to those of the EU;³⁵
- Seeking protection under the multilateral WTO rules, for example by actively using countervailing duties to shield UK businesses³⁶ and being prepared to enter formal disputes at the WTO against discriminatory green subsidies;³⁷
- Developing new strategies and taking lead on the reform of the global subsidy regime; while the US, EU and others have long challenged China's use of industrial subsidies, both are now actively developing their own green and potentially discriminatory industrial subsidies. UK's engagement would show its commitment to the rules-based multilateral trading system;³⁸

³³ [UK must match US green investment scheme or be left behind, says Institute of Directors](#), The Times, 8 March 2023

³⁴ [Brexit Britain trapped in the middle as US and EU go to war on trade – POLITICO](#), 29 November 2022

³⁵ Emily Lydgate, [A trade strategy to support domestic decarbonization and environmental objectives](#), 4 April 2023

³⁶ For further information on countervailing duties see our briefing, [EU State Aid rules and WTO Subsidies Agreement](#), section 3

³⁷ Trade and Public Policy Network (TaPP), [The UK in a World of Green Industrial Strategies](#), 6 February 2023; Emily Lydgate, [A trade strategy to support domestic decarbonization and environmental objectives](#), 4 April 2023

³⁸ Trade and Public Policy Network (TaPP), [The UK in a World of Green Industrial Strategies](#), 6 February 2023

- Investing in green regulatory diplomacy and taking lead on developing international standards for carbon accounting, green goods and others.³⁹

UK Government's response

The Government has admitted it has “some concerns” with the IRA, and said the Act could harm UK businesses and impact global supply chains for batteries, Electric Vehicles (EVs) and renewables.⁴⁰ It's been widely reported that UK ministers and the Prime Minister have raised the issue of the IRA's discriminatory provisions with their US counterparts.⁴¹

At the same time, Chancellor Jeremy Hunt [called for optimism](#) in his Bloomberg speech on 27 January saying the UK green and clean energy sector was one of the world's most attractive for investment. He said it was preferable to focus on creating a favourable regulatory structure that encourages investment rather than on green subsidies.⁴²

UK Strategic Framework for International Climate and Nature Action

On 30 March, together with other climate and energy policy documents, the Government released a [2030 Strategic Framework for International Climate and Nature Action](#), which outlines the UK Government's plans to address climate and nature issues at the international level. This document follows the Integrated Review Refresh 2023, which recognised climate change, environmental damage and biodiversity loss as the UK's first thematic policy priority.⁴³

The strategic framework identifies “aligning global financial flows with a net zero, climate resilient and nature positive future”, and “shifting trade and investment rules and patterns to support the transition to a climate and nature positive future” as two of the six challenges the Government needs to address to achieve its climate goals. It sees trade and investment policies as

³⁹ Trade and Public Policy Network (TaPP), [The UK in a World of Green Industrial Strategies](#), 6 February 2023

⁴⁰ Financial Times Brexit newsletter - [Britain getting squeezed by US & EU on protectionism?](#) 8 December 2022; [UK has some concerns over U.S. green subsidy act, Hunt says](#), Reuters, 27 January 2023

⁴¹ See for example, [Is UK being left behind in global fight for investment?](#), BBC, 26 January 2023; International Trade Committee, [The work of the Department for International Trade, oral evidence, HC16](#), 30 November 2022, q456; Oliver Wright, UK fears Biden's IRA will ruin UK car exports to USA, [The TIMES](#), 23 December 2022; Prime Minister's Office, 10 Downing Street [PM meeting with US President Joe Biden: 13 March 2023](#), 14 March 2023

⁴² [UK has some concerns over U.S. green subsidy act, Hunt says](#), Reuters, 27 January 2023; HM Treasury, [Chancellor Jeremy Hunt's speech at Bloomberg](#), 27 January 2023

⁴³ HM Government, [2030 Strategic Framework for International Climate and Nature Action](#), March 2023

important leavers to reach these goals and to gain the most benefit from the green transition:

The global export market in low carbon products could reach up to £1.8 trillion by 2030. With our domestic track record and growing green industrial base, the UK is well positioned to lead in green trade, utilising our strengths in sectors like offshore wind and green finance, and supporting and incentivising free trading in sustainable goods and services. We will also work with trading partners at the WTO and the G7, and through plurilateral and bilateral trade agreements.⁴⁴

See further on the relationship between the UK trade and climate policies:

- Trade Justice Movement, Queen Mary University, [Towards a fair and strategic trade and climate policy UK](#), Climate and Trade Commission Policy Brief, December 2022
- UK Environmental Law Association, [Legal frameworks for trade and environment in the UK post-Brexit](#), March 2023

⁴⁴ As above

2

Press articles

[Fragmented world's rival blocs may risk new cold war, says IMF head: Warning from Kristalina Georgieva after G7 explores economic resilience, secure global supply chains and less reliance on China](#)

Larry Elliott

The Guardian, 13 April 2023

[Bitter harvest for some in a global economy changed by Russia's war: A year of conflict has brought soaring prices and faltering trade, but also a step change in the switch to renewables](#)

Richard Partington and Damian Carrington

The Observer, 26 February 2023

[China stands to lose more than the West in a fragmenting world](#)

Neil Shearing

The Times, 30 January 2023

[Healing the rift of Brexit could transform the UK](#)

Alex Hickman

The Times, 20 January 2023

[Companies race to work around choke points in world trade: Geopolitical risks are driving efforts to diversify but there are no quick solutions](#)

Andrew Edgecliffe-Johnson

Financial Times, 17 January 2023

[Geopolitics threatens to destroy the world Davos made: World Economic Forum delegates fear that a long period of peace and economic integration could be coming to a close](#)

Gideon Rachman

Financial Times, 15 January 2023

[Impact of Geopolitical Tumult on Businesses to Continue in 2023, Say Risk Experts: Geopolitics is no longer mere 'cocktail party' talk for risk advisers, as war in Ukraine and trade tensions with China drag on](#)

Richard Vanderford

Wall Street Journal, 11 January 2023

[The pendulum swung against globalisation in 2022 – and that's no bad thing](#)

Larry Elliott

The Guardian, 26 December 2022

[Should countries try to do everything themselves?](#)

Ben Chu

BBC, 8 December 2022

[How Geopolitics Is Redrawing the World's Busiest Trade Routes](#)

Bryce Baschuk

Bloomberg, 5 December 2022

[Europe faces an enduring crisis of energy and geopolitics: This will weaken it and threaten its global position](#)

The Economist, 24 November 2022

[Europe is learning that you can't separate trade and politics: Pursuing a narrowly commercial agenda undermines larger strategic objectives](#)

Martin Sanbu

Financial Times, 6 November 2022

[Geopolitics is the biggest threat to globalisation: The consequences of a great power rupture may be even worse now than during the cold war](#)

Martin Wolf

Financial Times, 1 November 2022

[Free trade has not made us free: Economic diplomacy must involve values, including human rights and commitments to climate change, as well as prices](#)

Rana Foroohar

Financial Times, 17 October 2022

[No, the global economy is not breaking into geopolitical blocs: Shrewd operators like Brazil's Bolsonaro and India's Modi can avoid getting trapped in a restrictive alliance with Washington or Beijing](#)

Alan Beattie

Financial Times, 13 July 2022

[How Brexit Britain can make trade work](#)

Phil Hogan

The Times, 12 May 2022

[Deglobalisation: will backlash against Russia lead to downturn in open trade? Geopolitical pressures are threatening fragmentation of liberalised trading systems](#)

Chris Giles

Financial Times, 4 April 2022

[Brexit's effects on UK trade are dramatic – but we feel them in the EU too: Not only is the impact on goods profound, the split may have made the bloc more inward-looking](#)

Lisandra Flach

The Guardian, 2 February 2022

[The new geopolitics of global business: China and America dominate like never before](#)

The Economist, 5 June 2021

3 Parliamentary material

3.1 Written questions

[US-EU Task Force on the Inflation Reduction Act](#)

21 March 2023 | UIN 170648

Asked by Stewart Malcolm McDonald

To ask the Secretary of State for Business and Trade, if she will make it her policy to ensure that the UK joins the US-EU Task Force on the Inflation Reduction Act.

Answered by Nigel Huddleston | Question for Department for Business and Trade

Answered on 28 March 2023

We are having regular discussions with the US to represent the interests of UK firms and ensure the UK benefits from any flexibilities in the implementation of the Inflation Reduction Act. The Prime Minister raised UK concerns in his meeting earlier this month with President Biden and the DBT Secretary of State has recently had calls with Commerce Secretary Gina Raimondo and US Trade Representative Katherine Tai. We will continue to work with the US bilaterally on this issue, as well as engaging closely with other key trade partners, including the EU.

3.2 Debates

[The Importance of the Relationship Between the United Kingdom and India](#)

19 January 2023 | House of Lords | 826 cc2007-2042

3.3 Oral questions

[Industrial Strategy](#)

23 March 2023 | House of Commons | 730 cc408-09

[UK-India Free Trade Deal](#)

26 October 2022 | House of Lords | 824 cc1529-1532

[Global Food Security](#)

26 October 2022 | House of Commons | 721 cc130WH-148WH

[Negotiating Objectives for a Free Trade Agreement with India](#)

6 September 2022 | House of Lords | 824 cc14GC-58GC

[Strategy for International Development](#)

6 July 2022 | House of Commons | 717 cc919-974

3.4

Library publications

[The Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#)

6 April 2023

[Progress on UK free trade agreement negotiations](#)

31 March 2023

[Sanctions against Russia](#)

22 March 2023

[British International Investment: Aid and trade](#)

22 December 2022

3.5

Select Committees

[The UK's international supply chains - Non-inquiry session](#)

Commons International Trade Committee

One-off evidence session on the resilience of the UK's international supply chains and the role of the Government's trade strategy.

4

Further reading

[Global Trade Outlook and Statistics](#)

World Trade Organisation, April 2023

[A trade strategy to support domestic decarbonization and environmental objectives](#)

Centre for Inclusive Trade Policy, April 2023

[Building a Mature UK Trade Policy](#)

David Henig, European Centre for International Political Economy, March 2023

[Developments in Trade and National Security: Considering the UK's Role](#)

Trade and Public Policy Network, March 2023

[Post-Brexit legal frameworks for environment and trade](#)

UK Environmental Law Association, March 2023

[Integrated Review Refresh 2023](#)

UK in a Changing Europe, March 2023

[Driving global trade for development](#)

World Bank, March 2023

[Getting Real on the Inflation Reduction Act: Evolving European Reactions](#)

Center for Strategic and International Studies, March 2023

[The UK in a World of Green Industrial Strategies](#)

Trade and Public Policy Network, February 2023

[Toward a fair and strategic trade and climate policy](#)

Queen Mary University of London and the Trade Justice Movement, December 2022

[Corporate geopolitics: How boards navigate a complex and volatile world](#)

World Economic Forum, October 2022

[China and the West: growing apart as geopolitical tensions grow](#)

Bruegel, October 2022

[How do markets respond to war and geopolitics?](#)

European Central Bank, September 2022

[The Impact of Geopolitical Conflicts on Trade, Growth, and Innovation](#)

WTO, June 2022

[Research: When Geopolitical Risk Rises, Innovation Stalls](#)

Harvard Business Review, March 2022

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