

# International Agreements Committee

## Corrected oral evidence: UK-Australia trade negotiations

This session covered three different topics: general questions on trade negotiations, the UK-Australia negotiations, and the UK-New Zealand negotiations. We have therefore published these as separate transcripts. You can access the [general questions](#) and the [New Zealand transcripts](#) on our website.

Wednesday 27 April 2022

11 am

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Members present: Baroness Hayter of Kentish Town (The Chair); Lord Gold; Lord Lansley; Baroness Liddell of Coatdyke; Lord Morris of Aberavon; Lord Oates; Lord Razzall; Earl of Sandwich; Lord Udny-Lister.

Evidence Session No. 7

Heard in Public

Questions 94 - 95

### Witnesses

**J:** Lord Grimstone of Boscobel, Minister for Investment jointly at the Department for International Trade and the Department for Business, Energy & Industrial Strategy; Matthew Davies, Deputy Director, Chief Negotiator, New Zealand FTA, at the Department for International Trade; Ian Shepherd, Policy Director, Goods, Regulatory Environment and Gulf Cooperation Council at the Department for International Trade.

**The Chair:** Thank you. Lord Razzall.

**Q94 Lord Razzall:** Can I move us onto the slightly more technical issue of geographical indications in the Australia agreement? As we know, the agreement says that if Australia does not introduce a GI scheme within two years, then both parties will review and hold discussions. Now, I would not expect you to agree with the National Farmers' Union, which said it thought

this was a missed opportunity, but I would be interested in your views as to how you will go about monitoring this and ensuring that Australia does introduce a geographical indication scheme.

**Lord Grimstone of Boscobel:** I suppose the starting point for this is that Australia, up until now, does not like GI schemes, let us be straightforward about it.

**Lord Razzall:** No, that is the concern.

**Lord Grimstone of Boscobel:** Yes, it is a concern. Now, it may not seem a very big thing, but this is the first time ever in an agreement that Australia has accepted the possibility that it may set up GI schemes to protect spirits or agri-foods in FTAs or agree to a review if it does not establish a scheme within two years.

**Lord Razzall:** What happens if it does not at the end of two years?

**Lord Grimstone of Boscobel:** It could be a damp squib. Let us be straightforward about it.

**Lord Razzall:** The NFU will then be proved to be right.

**Lord Grimstone of Boscobel:** Yes, but the Australians believe that rather than using GIs they use it through their IP protections and their trade market protections, and that is the way they choose to look at it. If one looks through the toing and froing of this and looks at the underlying position: are our goods protected in Australia? I do not think any of us would feel that Australia is a rogue market when it comes to this. Of course, if it had signed up to a GI scheme it would be nice and it would be tidy and it would be easier for me to sit here justifying it, but two years from now, we might all be pleasantly surprised on this.

**Lord Lansley:** I would just like to join in on that if I may. One of the striking positives is that we have managed to conclude a deal with Australia, whereas the European Union has not concluded a deal with Australia. But in this particular respect where GIs are concerned, we seem to have concluded a deal because we have said, "Well, we will wait and see what the EU deal leads to", so we are still tied to that. Could we not have anticipated that? In fact, Australia actually conducted a review last year and looked at GI because of the EU negotiations; could we not have pressed that? Clearly, the British agricultural and food industry thinks it is important, so should we not have made it part of our quid pro quo?

**Lord Grimstone of Boscobel:** First of all, I do not think that we, in a sense, tied to the EU. What we are saying, in effect, is that if the EU is able to agree a GI agreement with Australia, that in itself will trigger a requirement for Australia to come to us and to do something similar with us. It does not tie us to it; it is a kind of door opener. I have no insights, but I might ask my colleagues whether they have any insights as to how likely it is we are going to find that Australia ends up doing a GI deal with the EU.

But let us look through, if we can, to the substance of this: are British goods protected in Australia through trademarks and IP? My strong assertion is that they are. Ian, did you want to add to this?

**Ian Shepherd:** Yes. I do not have an inside view on what the EU is agreeing with Australia, but what I can say is we pre-empted the review that you have referred to by agreeing with Australia already how systems and standards of protection of GIs should function. This includes keeping transparency at the heart of the procedures for recognition and protection of GIs, and that will ensure that we keep operating fair systems. In the meantime, we are not just also doing nothing.

**Lord Lansley:** I am not sure that answers the question as to why we could not have pushed harder to get a quid pro quo. Clearly it was not insignificant from our food and agricultural exporters' point of view. This is a deal which gives Australia significant additional market access to us. With the greatest respect, the Australians agreed that trademarks were not sufficient for wine so they established a new scheme. If it was not sufficient for wine, why would we not press? What do we have, 20-something significant products that we would want to have protected?

**Lord Grimstone of Boscobel:** We pushed extremely hard, but the Australians did not agree with us. It was not for lack of pushing. It was a lack of agreement on the other side.

**Lord Lansley:** The conclusion I would draw is not that protection in Australia is sufficient.

**The Chair:** Yes, and the fact that it did not give way shows actually how important it was.

**Matthew Davies:** If I may come in as well, some of this is about the balance of the negotiation dynamic. Yes, there are a small number of GIs that are important to agricultural producers in this country. There are thousands across the EU. Australia will be looking at it from that perspective. I suppose we could have changed our calculation in terms of the overall deals for both Australia and New Zealand, because this issue also applies to New Zealand, not for spirits but for agri-foods.<sup>4</sup> There may have then been a consequence in the wider deal balance and what we were having to move on for on other areas of the deal. We have ended up with two things: one, for both Australia and New Zealand, we have secured 100% tariff elimination of UK goods, including agricultural goods, going into Australia and New Zealand, so that gives us a comparative advantage over EU exporters. Two, we have locked in for at least a two-year time period this mechanism that if New Zealand and Australia reach a deal with the EU that does then offer agri-food protection on GIs, we will not fall back, so we will not be a disadvantage to the EU in that situation.

We have, we think, gained an advantage and protected ourselves against a future disadvantage. As the Minister says, we could ultimately have come to

a different balance of decision-making, but that in itself would have read across the overall balance of the trade agreement. That was a decision that negotiators and Ministers ultimately had to weigh up, particularly bearing in mind that both Australia and New Zealand are in active negotiations with the EU, where this will be an even bigger issue than it is for us.

**The Chair:** Thank you. Lord Sandwich.

**Q95 Earl of Sandwich:** We can deal with this quite quickly because I know we have more to cover. Minister, we picked up just one point in the TAC report, which obviously will need further consideration, about the joint committee set up under the FTA. The quickest thing is if I quote from the TAC report, which says that through the joint committee "The UK is able to adopt decisions ... that may constrain its freedom to regulate in the future". Elsewhere, it covers pesticides and deforestation, showing that there may be things coming down the line that we do not like but we cannot do anything about them in the joint committee. What do you feel? Are we going to have trouble with the parliamentary process? How do we deal with that?

**Lord Grimstone of Boscobel:** Perhaps we should not jump into being suspicious about the joint committee process before it has had a chance to show itself. The TAC committee has made this point, and we will be responding to the TAC committee in the round, so perhaps this committee will excuse me if I do not pick up that point specifically in the TAC context. But, if I deal with it outside the TAC context, as it were, as I said earlier, if discussions in that joint committee ever ended up in the treaty being materially or significantly amended, or if they resulted in a new treaty, that would necessarily retrigger the CRaG process, coming back to the point that Madam Chair was making earlier.

I am not having sleepless nights, thinking that the joint committee is going to be rewriting this agreement, because the agreement was reached by both parties in a very good spirit, with both countries acknowledging that it was a good agreement. We ought to keep in the back of our minds that both these agreements are good agreements for the UK. With due respect to some of the questions I have been asked, there may be items in these agreements that people wish had been done differently or better, but we should take a step back and ask, "Are these good agreements for the UK?" I would still rest my case, saying I do believe that these are good agreements in both cases for the UK.

**Earl of Sandwich:** Okay, well, we may come back to this later.