



HOUSE OF COMMONS

Environment, Food and Rural Affairs Committee

Oral evidence: Australia FTA: Food and Agriculture,
HC 23

Wednesday 11 May 2022

Ordered by the House of Commons to be published on 11 May 2022.

[Watch the meeting](#)

Members present: Geraint Davies (Chair); Kirsty Blackman; Rosie Duffield; Barry Gardiner; Dr Neil Hudson; Robbie Moore.

Questions 390-459

Witnesses

I: Victoria Prentis, Minister for Farming, Fisheries and Food, Department for Environment, Food and Rural Affairs; Penny Mordaunt, Minister for Trade Policy, Department for International Trade; James Clarke, Deputy Chief Negotiator, Australia FTA, Department for International Trade; Chris Heaton, Deputy Director, International Trade Policy, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

- [Department for Environment, Food and Rural Affairs](#)



Examination of witnesses

Witnesses: Victoria Prentis, Penny Mordaunt, James Clarke and Chris Heaton.

Q390 **Chair:** Good afternoon and welcome. It is great to see both you, Ministers, and your supporters. Perhaps you would like to start by briefly introducing yourselves.

Victoria Prentis: I am Victoria Prentis, Minister of State at DEFRA, and with me is—

Chris Heaton: Chris Heaton, deputy director for trade policy at DEFRA.

Penny Mordaunt: I am Penny Mordaunt, Minister for Trade Policy. Although I have not been involved with this FTA and I don't do exports—*[Laughter.]* But I shall do my best for you, guys. I think one of the reasons why I am here is that I work with Victoria and have been particularly interested in trying to develop a more robust and joined-up, cross-Whitehall policy on what it is we are trying to get done across the whole piece. I cannot give first-person testimony on the FTA, but my colleague can.

James Clarke: I am James Clarke. I am the deputy chief negotiator for the deal.

Q391 **Chair:** Excellent. Welcome, all. Could I start with Minister Mordaunt on the generality? There will be some problems on the agricultural side, which we will be focusing on, but presumably there are also benefits in the round. Could you tell us what those benefits are? By way of example, have we got greater access for financial and legal services? Secondly, was a most favoured nation clause negotiated, so that in the event that the EU do a deal with Australia—they are planning to do so—we get any extra benefits that they negotiate?

Penny Mordaunt: I will ask James to come to that second point, but there are many sectors that benefit, and some disproportionately largely. Agriculture is one of those that is not benefiting. There are some benefits for particular sectors, such as cheese and certain other products that will be very familiar to you, but clearly, the gains of this deal are in other areas.

I would also say as a general point that this is a stepping stone to CPTPP, where there are some more tangible benefits for the sector that you are primarily concerned with. This analysis has been done across sectors, but it has also been done on a regional basis on gains in terms of the UK. It is a snapshot now; clearly, there are all sorts of events that might happen that we can't predict and won't have been included in that impact assessment. But in terms of GDP, jobs and household wages, that analysis is there and in the public domain.

Q392 **Chair:** And overall, that is clearly positive. Is that what you are saying?

Penny Mordaunt: Yes, overall the deal is positive. It is also a stepping stone to other markets and the accession plan on CPTPP.



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Q393 **Chair:** Mr Clarke, do you want to come in on whether we negotiated a most favoured nation clause—and if not, why didn't you?

James Clarke: Absolutely. Just to add to what the Minister said, the impact assessment, which went through independent scrutiny by a panel of esteemed experts, sets out very clearly the benefits to the UK economy in the long term, after 15 years.

Chair: After there are no quotas—yes.

James Clarke: After 15 years. It sets out that the UK economy will benefit to the tune of £2.3 billion—that is a not insignificant amount—it will boost UK exports to Australia by £6.4 billion, and it will increase UK wages by £900 million, all of those annualised from year 15 onwards.

Q394 **Chair:** Those figures are after the 15 years—after the quotas are completely removed. Is that right?

James Clarke: The modelling looks at year 15, and it just so happens that, in this case, that is after the quotas have been eliminated for beef and sheepmeat, although on the UK side we have a far more significant impact of entry-into-force tariff reductions for UK exports.

The overall picture is overwhelmingly positive. There are particular gains on agrifood. Whisky in particular benefits significantly from the tariff reductions and that has benefits, especially in Scotland but also in Northern Ireland. On services as well, it is a very deep deal, and that is significant for the UK economy, both now and in the future, as the percentage share of services grows, both in the UK and in Australia.

Q395 **Chair:** Just to be clear, you are saying that overall it is good. After 15 years, what is the net loss in terms of agriculture?

James Clarke: The impact assessment sets out the impact at a sectoral level on agriculture, but we have also decided, for the sake of transparency, to articulate particular impacts on the beef and sheepmeat sectors; I think that is in box 2 of the impact assessment. That sets out the impact on agriculture and on other, similar sectors.

Q396 **Chair:** I am sure it does, but what is the overall loss after 15 years?

James Clarke: On agriculture, it is minus £94 million—

Chair: A year?

James Clarke: A year. That is comparative static analysis, so it is on the basis that everything else is held constant. Of course, that doesn't mean that the sector itself will necessarily contract; it just says that *ceteris paribus*—everything else being equal—that would be the impact. But obviously, overall, if you look at the impact, both for the UK overall but also broken down by region and indeed by country—England, Scotland, Northern Ireland and Wales—all of them have a net positive impact significantly.

Chair: Okay. I will turn to Victoria Prentis now, if I may—



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James Clarke: Do you want me to answer your question on the most favoured nation clause?

Q397 **Chair:** Yes. What is the answer? I almost forgot that.

James Clarke: The answer is, depressingly, incredibly complex. With most favoured nation clauses, there isn't one that you attach to the whole agreement; in the 2,000 pages of legal text, there are significant numbers of provisions where we have agreed a most favoured nation clause. That means that if Australia gave more to any other trading partner, then we would automatically benefit, and of course that is true vice versa as well.

Q398 **Chair:** So, when the EU do a deal, you're confident that any extra benefits they get, we'll get?

James Clarke: Yes.

Q399 **Chair:** Okay. Victoria Prentis, obviously we are all aware that the structure and size of the agriculture industry is very different in Australia. The average sheep farm is a hundred times bigger than in Wales, for instance, and the sun shines; they also use pesticides and GM and all the rest of it. How confident are you that our farming sector will hold up to this growing competition?

Victoria Prentis: You have heard very clearly from Penny her assessment of the deal as a whole for our sector, and you and I, and indeed the rest of this Committee, share a passion for and a dedication to our sector, which I think we can take as read. I think it is right that we step back from this deal and look at the benefits to the country as a whole, but then, what we have to do, as champions for agriculture, is to make sure that our sector is not disproportionately affected and that we encourage people, here and around the world, to buy British produce, which we know to be the best in the world.

We are clearly aware of the deal and aware of what the impact assessments say. They are very high-level and it is very difficult, of course, to know the variables—for goodness' sake, none of us could write the global script at the moment—but it is clear to me that Australia trades primarily with China. China is far and away its biggest trading partner. The concerns for our sectors are if, for some reason, that trade with China is turned off very quickly. Of course, that did happen to parts of our pork sector, so it is something that we can speak about with real knowledge of, if you like—overnight stoppage with some of our exports. In those circumstances—I will probably bring James in again, if that is allowed—there are a series of safeguards for our sectors baked into the deal, which will be of assistance to us.

To go back to your wider question, if I may, before we go into that, I am very confident about the future of British agriculture; I really am. I think that the new policies that we are putting in place—with the scrutiny of this Committee, which is nearly always helpful, if I may say so—will make us genuinely a really good place to farm. I think the way we are using state support to pay public money for public goods is the right way to go, and



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we will increasingly use a model of regenerative farming that will be the envy of much of the rest of the world.

Q400 Chair: So in a nutshell, your assessment of the deal is that it will bring resilience to recent changes, for instance in Ukraine, in terms of grain production shocks, the cost of food globally, and risks from China's embargoes because they pair up with Russia.

Victoria Prentis: We are fortunate in this country that, at the moment, we grow and produce 74% of what we can grow and produce here—obviously not rice, avocados and pineapples.

Q401 Chair: What will that figure be in 15 years, by the way?

Victoria Prentis: I am very hopeful, and I would very much align myself with the NFU's ambition. I would think that somewhere between 60% and 70% is about right. Clearly, I can't stop people eating rice, avocados and pineapples, but I very much hope that the British brand is, if anything, promoted. We eat 81% British beef at the moment. That is a good figure, and one that I hope we can continue to build on. We are doing some really important work on Government procurement this year, which if anything will boost British products.

In the context of the war—it is right that we talk about food security in the real world and what is going on at the moment—we are really lucky that we grow 88% of our wheat. We import some milling wheat from Canada, and there is no reason for that to stop. Tomorrow, I am going to the G7 meeting of Agriculture Ministers in Stuttgart, and I feel in quite a fortunate place, in terms of our food security. Yes, we must trade—that is an important part of our food security too—but we are really lucky when you look at other nations in the world, particularly those in north Africa, such as Egypt.

Q402 Dr Hudson: I will come to the International Trade team first. You touched on the quotas. The first-year quotas for beef and sheepmeat are significantly above the current levels, which remain underfilled. I guess the question to the negotiating team is: why did you agree those high quota levels?

James Clarke: I would step back and think quite carefully about Australia's current exporting model. The vast majority of their beef, sheepmeat and other agricultural exports is not to Europe and the western world; it is to Asia. There are lots of reasons for that. Primarily, it is because they get a higher price in Asia for lots of their products than they do in the UK, and clearly there are also benefits in terms of transportation time and so on.

The context of Australian exports is not that they have a significant surplus. No doubt, you will have heard from other witnesses about recent droughts reducing the size of beef and sheep stocks. Fundamentally, they prefer to export to Asia because they get higher prices. That is the backdrop for lots of the negotiation. Both parties were absolutely committed to a broadly liberalising agreement, but it is really important to



set out the safeguards and explain what they mean in practical terms. The first safeguard is the tariff rate quota that you mentioned—

Q403 Dr Hudson: I am going to get on to that, but it is the level of the quotas first. Is the answer that you set them high because currently the Australasian market is directed towards south-east Asia?

James Clarke: We ended up in the place we did both because of the context of the current prices and trade volumes around the world, and because of the broad safeguards, which you cannot think of in isolation. There are three. The first is the tariff rate quota for beef and sheepmeat that covers years 1 to 10. You then have, from years 11 to 15, what are called product-specific rates. Effectively it is the same outcome as the TRQ for years 11 to 15; there is a volumetric level above which they pay a tariff.

However, what is most important—no doubt this Committee will be pleased that this was the thing that we hung on to right until the end and were delighted that we managed to negotiate—is the bilateral general safeguard. That enables the UK, or indeed Australia, upon the receipt of evidence, to trigger a 200-day process by which those imports are stopped. There is then a process that each side would need to undertake to do the full, rigorous analysis. But that means that if there is evidence of harm, or a threat of harm, an injury to the sector, there are safeguards in place so that if the quotas are too high and the impact is clear early on—clearly these are hypothetical situations—there are very specific things in place for us to ensure that that injury does not happen.

Dr Hudson: Thank you; that is helpful. I shall explore the safeguard mechanisms in my next question, so I need to chug along a bit.

Chair: We need to speed up the answers and the questions.

Q404 Dr Hudson: Maybe I could pivot to the Minister. On your point about the Australian market currently being focused towards south-east Asia and the fact that, as we discussed earlier, geopolitics is an uncertain world now, what would happen, hypothetically, if Australia did for some reason need to pivot away from China and south-east Asia and did start to look more towards us? I guess that is more of a political question, but there is that concern and that has been raised on our Committee.

Penny Mordaunt: There are all sorts of things that we can do to support the sector at home. Although Victoria has described immediate events and given the example of China and pork markets, we also want an early warning system if we see things are happening over time. Although the impact assessment has been described as a snapshot, all things being equal, we obviously have ways of monitoring what is happening with particular sensitive products, the TRQ products, in real time through ONS stats. We have the assessments that we have committed to every two years and the five-year deep dive to look at how things are shifting.

In all this we obviously look across not just our FTA pipeline but other things that we are doing at subnational level with other countries and look



at creating those opportunities. As a result of the work that DEFRA is doing, particularly with Minister Freer, in my Department, on exports, we are becoming much more methodical about identifying what those opportunities are, and then the intermediaries, which Victoria might want to talk about, just in terms of maximising value out of a particular carcass.

Victoria Prentis: That is the sort of thing we talk about on a pretty much daily basis—how we monitor the market, for example; how we get a very early warning system in place. There is no suggestion that we would be waiting for end-of-year assessments, for example; it would be very clear to us in DEFRA immediately if something were different, and I think my colleague would know from TRQs that things had changed.

The other thing I would say quickly is that I would expect Australian beef to displace EU imports of beef, for example, probably first, and Australian lamb—if this scenario did occur—to displace New Zealand lamb. We have very strong “buy British” messages on red meat in this country, and 81% of British beef is eaten.

Q405 Dr Hudson: I am encouraged that you say that you have the early warning monitoring system across Departments, and that if your hypothesis is not correct and Australian does not displace European or New Zealand but starts displacing UK, you are confident that both Departments across Government can act.

Victoria Prentis: Yes; we will know. And we have these sorts of discussions genuinely all the time—how do we check? How do we advise you? How do we know that that system will work?

Q406 Dr Hudson: Thank you—that is very helpful. I will crack on; can I come back to you now, James, about the negotiation? We have heard concerns from various sectors within farming and the meat processing sectors. Why were the tariff rate quotas negotiated by volume, rather than by cut or value? Significant concerns have been raised to our Committee about that.

James Clarke: Again, I would step back from the specifics on that—before I go into them, don’t worry. Fundamentally, the principle with which we entered the negotiation was to ensure, as we have done through our bilateral general safeguard, that those protections and safeguards are in place for the industry. That is a really important point to make.

In terms of the specifics on the quota itself, it is absolutely a negotiated outcome, but it is one—

Q407 Dr Hudson: Did the Australians push hard for that to be by volume, rather than by cut or value, then?

James Clarke: If you think about global trends and other FTAs, Australia’s other FTAs are measured in metric tonnes, so this was absolutely no surprise. There were no conditions on the specifics around the quota, so it is a volumetric quota, although it is not broken down by specifics. But because of the safeguards in place, clearly that was felt to be an acceptable, reasonable outcome for the UK.



Q408 Chair: On this, what the industry has said to us is that first, they were not consulted, and secondly, the Australians basically take all the bones out so they can just give us meat and get much higher volumes penetrating the market before any safeguard mechanisms trigger in. Why were they not consulted, and why have you allowed the Australians to just take out the bones and not do cuts and value?

James Clarke: Let me take the second one first, and then come back to the engagement question. On the specifics, what we are talking about is the first 10 years of the TRQ and the five years thereafter, so for that 15 years, we have volumetric safeguards in place. Clearly, after that, Australia can trade on the same basis that the EU can currently trade.

What we have heard significantly and very clearly from the farming industry through the consultation that was done originally—one of the biggest consultations the UK has ever done in terms of the volume of responses—was that they wanted a long transition, and that 15-year transition period was a direct result of the significant engagement and clarity that was received from the farming industry.

Q409 Chair: We are going to have to move on, and I will bring back Neil, but Victoria Prentis, what would your recommendation be for future trade deals on this particular point? We have heard quite clearly from farmers that they are very unhappy that this has all been done not on value or cut, but basically the bones are taken out and they can just get a lot more prime meat here and undercut us. Are you going to change that in future trade deals?

Victoria Prentis: It is quite important that when we do trade deals, we focus on specifics. Let us look at our sheepmeat market, for example: we are about 110% self-sufficient in sheep. However, we have a deficit of legs of lamb, which are our favourites; we all enjoy them on a Sunday, so if we are buying sheepmeat, we would expect to want to import legs of lamb, because that is what we like to eat. As you and everybody on this Committee knows, our sheepmeat trading is seasonal. Obviously, we have fewer lambs available to us in the spring and early summer, which is when we often import legs, so when we do deals, I would hope that we focus on the specifics of each of the animals we are trying to import.

Chair: I was thinking specifically of beef.

Q410 Dr Hudson: I will move on to my next question. We have touched on this a bit before, but concern has been expressed that the safeguard mechanisms may kick in too late, because you need very high volumes of meat to be reached before they kick in. Are you comfortable and confident, across Government, that the safeguard mechanisms written into this deal provide UK farmers with sufficient protection?

Penny Mordaunt: The short answer is yes. James can talk about the analysis that was done on that. Compared with deals that other nations have done, you have a kind of double mechanism, so we are pretty confident that they do. Obviously, you want to see trends and you do not want to wait until the threshold has been broken before you think about



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what other things you might be doing domestically and through opportunities with other parts of the export system.

Q411 Dr Hudson: Again, there are concerns—you can bring this into your answer, James—that ultimately those safeguards expire after a few years. They are time-limited; after that period, where are we?

James Clarke: Just to add to what the Minister articulated in response to your question, yes, there are volumetric safeguards, but there is also the bilateral general safeguard—a non-volumetric safeguard. Yes, there needs to be evidence of the threat of injury or of actual injury to the industry, but that safeguard exists for those 15 years, so we are not reliant just on the TRQs and volumetric safeguards.

Q412 Dr Hudson: And after the 15 years, all bets are off, I guess.

James Clarke: After 15 years—as we will be doing during the 15 years—there will be ongoing monitoring of trade volumes. Our trading relationship with Australia will be comparable to the trading relationship between the UK and the EU. It is also worth saying that there is a formal review of the agreement at year 7, so if there is an impact, it is not as if there is nothing we can do.

Q413 Dr Hudson: Okay. I will come back to the final part of the question, which is for both Ministers. The monitoring system means close dialogue across the Department, and you will be looking at and trying to monitor trends, rather than looking at the end of year. Can you describe briefly how you will monitor that so that if, for some reason, the supply comes in, we are sensitive and responsive, and will be able to trigger those safeguards and turn the supply down? How will you do that, and are you comfortable that that will work?

Victoria Prentis: TRQs are probably Penny's part of the answer.

Penny Mordaunt: Yes. As I mentioned with regard to the ONS statistics, the formal review is every two years, and the deep dive is at five years. But there will be other statistics as well, including general trade stats that we monitor all the time. At the same time—Victoria might want to speak to this—we also want to work with the sector to meet its export ambitions. Some of them might involve Australia, but they will involve other parts of the world as well. We obviously have our own export strategy, and the NFU has just published its export strategy. We will want to make sure that we see progress against those targets—that is part of the equation.

Victoria Prentis: The official answer would be the farm business survey, which is a proper deep dive. The unofficial answer would be that we monitor prices, literally daily. We are extremely aware of where sheep prices and beef prices are at any one moment. We talk to the sector at all levels of the supply chain on a daily basis—from producer right up to end retailer—and I would expect this Committee to let us know as well.

Chair: On the price issue, over to you, Rosie.

Q414 Rosie Duffield: Minister Prentis—



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Victoria Prentis: Victoria is fine!

Rosie Duffield: Do you believe the FTA will provide consumers with lower food prices? That is obviously a bit of a hot topic at the moment.

Victoria Prentis: It is. That is a real worry for everybody across Government at the moment. We are concerned about rising costs generally, but also about the rising costs of food—I am sure the Committee will want to talk about that on another occasion. Specifically on this deal, as I said earlier, because I am not anticipating enormous quantities of cheaper, Australian products in our beef and sheep space in particular, I do not think there will be a significant impact on prices. It won't help with the cost of living issues. There is a very in-baked desire among our consumer base to buy British. That has been proven. The NFU puts the figure at 75%, and even when there is a bit of a price differential, our consumers prefer British products. We know that. My worry is the out-of-home market, where consumers have less visibility on what they are eating. DEFRA is doing work to see what more we can do in that space. In fact, I met with the wholesalers in the hospitality industry the week before last to discuss how they can sell more British pork, for example.

Rosie Duffield: Thank you. That was really honest, actually. I wasn't expecting you to be quite so straightforward.

Victoria Prentis: You've met me before!

Q415 **Rosie Duffield:** Given that the NFU is saying that there is no proof that increased competition will lower prices, what can you tell the British public are the direct benefits to them of deals like this?

Victoria Prentis: I think we have to go back to Mr Davies' first question, which was about having to look at this deal in the round. You had the answer from Penny to that question very clearly. There are some benefits for agriculture, but I don't think we should overstate those. There are definitely benefits for whisky and gin. For cheese, there is a reduction from the 20% tariff. Our cheesemaking, as has been recognised by the BBC and other outlets today, has really reached a place where we are ready to take on the world. There is something in it for our artisan cheese producers. For some of our more-produced products, such as biscuits, there will be real benefits from not having a tariff in trading with Australia. As I said, we are concerned about our food security. Yes, that involves trade, but it means that most products will be produced and consumed here. Trade and agriculture is always a balancing act.

Penny Mordaunt: Can I just add that for the consumer it is also about the other side of it? As well as lowering prices on particular goods, it is about what we think this deal will yield for household wages, which is about £900m in the long-run.

Chris Heaton: Just to note, for producers it is not just about the tariff and reducing the cost; it is also about the process they have to go through—for example, simplifying rules of origin. There are lots of elements of the deal that help facilitate that and are going to be beneficial to them.



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Q416 Chair: Victoria, obviously we are going through a cost of living crisis and people are looking for the lowest prices. Is there a danger that prices will be undercut by products that are produced with pesticides and genetic modification, which we do not allow here but which are allowed in Australia?

Victoria Prentis: This is an existing problem. We already import products that are not produced to our standards, as you know. We have discussed this many, many times over the course of the passage of the Agriculture Act. We have statutory regulatory standards below which we will not go, so there is no danger of hormone-treated beef, for example, coming in under this deal. You will also have recognised, and I know you have talked about this as a Committee, that poultry, pork and eggs are not included in the tariff liberalisation, and that is a large section of what we eat. I think I have been frank with you about what our concerns are. It has been proven time and again that people prefer to eat British beef and lamb, where the price is not ridiculously disproportionate. Neither are—dare I say it—cheap products, and consumers choose the right quality cut for them and for their budget.

Chair: Fine. Obviously, we are aware they have got less and less money. Over to you, Robbie Moore.

Q417 Robbie Moore: My questions are to do with exports and export opportunities, so I will come to Minister Mordaunt first. How are the Government investing in our export promotion strategy?

Penny Mordaunt: Through a whole variety of means. We already have a very strong global network, and I can tell you the parts of the world that I have travelled to. They are pushing the sector continually, doing many events, marketing and also spotting opportunities. DEFRA are recruiting a new set of agri attachés, which will bolster that system and provide a bit more particular expertise.

We have also reconfigured how we organise ourselves in Whitehall. I chair a cross-Whitehall group. Victoria is on that, but also Ministers from other Departments. We have created information products so that we can see the potential pipeline in parts of the world at a very local level, so that we do everything we can to support those opportunities to come to fruition, particularly on quite substantial deals, and also harness those promotion opportunities.

We have a lot of support for UK businesses to get them to export. Mike Freer has spent a great deal of time being very proactive; he is not waiting for businesses to come to us. He is looking at people who may wish to potentially export. He is approaching them and giving them examples of what those opportunities might be.

There are also particular campaigns that you will be thoroughly aware of—Made in the UK and Sold to the World, a great campaign that continues. Also—this is part of the narrative that I have been developing with Victoria—it is really understanding why our products are different from other products.



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We are not talking about the US today, but I have spent a lot of time in the US doing things like official swaps and getting US states to fund opportunities for UK producers to visit their markets and learn more about them. There is a whole raft of things, but we are constantly adapting the offer and we can tailor these things to be bespoke for particular businesses.

The final thing I would say is that, with Victoria's help and as I have learnt more about the sector, I absolutely get that all of that support has to be in a format that works for a producer or a farmer. If it is not going to be something they can access and use well and understand, and be relevant, there is no point in doing it. We are really conscious of that.

Chris Heaton: I will just add to that from a DEFRA perspective. We have set up a specific agriculture food and drink export council, which is developing a specific strategy to address exactly those points.

Q418 **Robbie Moore:** I was coming to that. You have mentioned trade attachés and the council that has just been set up, but what we are yet to see is the detail and the timings of that coming out and how many trade attachés will be recruited. Of course, the NFU have stated that we could be going further with more, and more detail needs to come down the pipeline. Can you just reflect on that?

Victoria Prentis: Yes. We already have 100 officials in embassies working on agrifood. The trade attachés are special and are extra, but we should not view them as the only people working on promoting British food. We have got adverts out and are going through the process actively at the moment—Chris probably knows more about it than I do—for eight more, and we have promised that we will have those people in post by the end of the year. Is there anything else, Chris?

Chris Heaton: That adds to the four that we already have. The recruitment process is ongoing. They are likely to be in post before the end of the year.

Q419 **Robbie Moore:** Are both Departments confident that the speed of that recruitment and then getting those trade attachés in place to build those markets, to build those links with businesses and promote products, is in line with where the Government want to take the timings to develop further trade agreements, as well as the existing ones that we have just agreed?

Victoria Prentis: Yes. They have been strategically placed, if I can put it that way, into markets that we have particular aggressive interests in. Penny might want to say more about that.

Penny Mordaunt: I think that covers it, but there is the cross-ministerial group as well. If, for example, finance or a decision by the Treasury were needed, we would forewarn people about that pipeline and what further support might be needed, not wait until everyone has done a lot of work and they kind of run into the Treasury brick wall. It is being done in a much more strategic way. Obviously, with the FCDO we are constantly



looking at our footprint and whether we have got the right volume of people where we need them to be.

Q420 Robbie Moore: Okay. I am going to move on to a different line of questioning to do with core standards. The national food strategy, the original Trade and Agriculture Commission and the Committee on Climate Change all recommended that the UK should not liberalise agricultural tariffs unless core standards were met. Why have the Government not adopted a core standards approach with the agreements we have reached?

Penny Mordaunt: There are two things. There are things about the agreements that have already been done, which James can talk about. Clearly, there is a lot of discussion about future policy in this space at the moment, and there is a lot of work being done on that. Where I have tried to get greater dialogue, with Victoria's help, between our two Departments is in setting out that big vision. If we weren't trying to do several things, this would be really easy because we wouldn't be bothering about safeguards or standards, but just looking at trade numbers, but we are trying to do a number of things.

We are trying to ensure that our policy is enabling the things that we care about, which are standards and global standards. It is about things like animal welfare and the environmental goals we have committed to, and that we want others to also reach, as well as ensuring that we have a vibrant and thriving sector that is achieving our export targets, but is also meeting the food security and resilience goals that we have.

There is a great deal of discussion around tariffs and tariff liberalisation at the moment that is taking place in GB strategy—that global Britain strategy meeting. Neither of us are in that forum at that level, just to give you the background and explain how that policy is being developed. James can probably answer—

James Clarke: Victoria, would you like to talk through the standards?

Victoria Prentis: During the passage of the Agriculture Act we talked many, many times about what regulatory standards are protected for animal welfare, human health and environmental reasons. Where we have protected standards, those absolutely remain, and this FTA in no way undermines that.

This may actually be a matter for James, but the FTA is useful—I genuinely think that—in that it provides a framework and a forum for discussion as part of our ambition to raise global standards. It is quite groundbreaking. I am not the expert on FTAs—James is—but it is groundbreaking in that there is an animal welfare chapter and a proper environmental ambition baked into the deal, which I am told is extremely unusual.

Q421 Robbie Moore: Can I ask a very quick supplementary question on that? Obviously, we have just made agreements with Australia and New Zealand, but one of the concerns is that going forward they are effectively



setting a precedent on this issue for any future trade agreements that are entered into, particularly around the issue of core standards. First, is this effectively setting a precedent for future trade agreements?

Victoria Prentis: No.

Q422 **Robbie Moore:** Secondly, will the Government require trading partners to adopt core standards as a condition of trade liberalisation in future free trade agreements?

Penny Mordaunt: The answer to the first point is no, it doesn't set a precedent. You could say that about any agreement of any nature—defence, environment. These are bespoke deals. Obviously, the people on the other side of the table are trying to argue all sorts of things, and they will pull in whatever arguments they can to make their case, but no, they are bespoke deals.

Clearly, we have an agenda to do all sorts of things internationally on standards, in terms of quality, food security, global health, modern slavery—you name it. Clearly, there will be particular deals where we and other nations want to focus on particular areas of concern or where we see opportunities. There is a huge programme internationally to deal with all these things, including at the WTO, on standards for developing nations. That is about not just setting standards, but how we can help nations achieve those standards. It is about setting the FTA programme in the context of that wider international work.

Q423 **Barry Gardiner:** Can I first say how welcome it is to hear two Ministers talk about such close co-operation? Sometimes, not just on this Committee but on the Public Accounts Committee and Committees like that, we hear of dysfunctionality and silos, so it is really good to hear you talking about how closely you are working on this.

I want to pick up what you said about raising global standards, Minister Prentis. There was an opportunity to do that here with something that most people in Britain find revolting—mulesing. If you are prepared to slice the skin off one living being, maybe you are less careful about slicing it off other living beings, the Saudi royal family notwithstanding. This was an opportunity to take a clear stance and raise global standards, as you said. This may be a question for Mr Clarke. Why was this not something that you felt important in the negotiations?

Having said that, I don't want to go over the economic case for it, because we understand that. We understand that it is predominantly with Merino sheep. We understand that it is predominantly wool imports, which are at WTO levels, and therefore it is not going to have any impact economically, but of course under GATT XX, it is one of the things that we can take as public morals. It seems to me that it was a really good opportunity, and you would have had so many people in the UK behind you had you done that.

Victoria Prentis: I agree with you about the practice. My understanding is that the Australian Government has at least committed to phasing out mulesing, which we would obviously welcome. We will certainly be



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returning to this subject in all the fora for discussing animal welfare standards with the Australian Government that I referred to earlier. As you rightly said, Mr Gardiner, wool from mulesed sheep can enter the UK at the moment, but it is unlikely to do so. I met British Wool yesterday—for goodness' sake, we need to be buying that—and there is not that sort of wool trading on an international level at the moment. James can tell you the extent to which individual practices were discussed during the course of the negotiations.

James Clarke: It was certainly discussed. As the Trade and Agriculture Commission concluded, it is unlikely to enter the market—

Q424 **Barry Gardiner:** Let's not rehearse all this. We all agree on that. We know that; we heard the evidence.

James Clarke: Ultimately, these things are a negotiated outcome.

Q425 **Barry Gardiner:** Did you press it? Did you actually say, "Look, this is something that is quite important to our people. It is something that we would like to have in the free trade agreement"? The impression that we get—it is only an impression—is that for our negotiators it really didn't matter.

James Clarke: Look, it is fair to say that conversations were had at official and ministerial levels on this and a number of issues. But ultimately, the conclusion that it was unlikely to enter the market was an important determining factor.

Q426 **Barry Gardiner:** There is another aspect of the way in which the negotiations took place on standards—I am focusing predominantly on animal welfare standards and environmental standards. We in the UK operate a devolved system, so animal welfare standards would be the responsibility of the SNP in Scotland and the Welsh Government in Wales, yet we negotiate on behalf of the whole of the United Kingdom. In this free trade agreement, we insist that there is no derogation, and no reduction, in environmental standards across the board. But that is not the case in Australia, which has a federal structure. In the negotiations, you allowed the Australian federal Government to say, "Of course there will be no derogation on federal standards," but many of the states set their own environmental standards, don't they? There could be derogation from that, which could make a material difference to trade into this country and to the undermining of goods into this country. Why did you allow that?

James Clarke: Look, it is fair to say that what you are talking about is a huge web of complex and interlinking pieces of legislation in Australia at the federal level and the state level.

Q427 **Barry Gardiner:** But there's only one question, Mr Clarke: why did you not insist that, as we were committing our devolved Administrations, they should also commit their state administrations to those standards?

James Clarke: As I said, there is a web of interconnected legislation at the federal and state levels in Australia, which negotiators spent a lot of time understanding and working through with the Australians. Ultimately,



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this is a negotiated outcome. Clearly, Ministers felt that it was an acceptable place; otherwise, we would not have concluded the deal. But fundamentally, there is a significant amount of really important environmental legislation at the federal level, not least linked to broader multilateral environmental agreements—things related to CITES, COP and the Paris agreement.

Q428 Barry Gardiner: Let's be serious. The FTA made it neither more nor less probable that Australia was not going to adhere to its commitments in the Paris agreement—that is a red herring. Can I focus on what you said earlier? You said that, ultimately, this was a negotiation. We all understand that, but you said, "and Ministers took the view," so I want to now ask Minister Mordaunt. Was this something whereby negotiators came to you as a group of Ministers and said, "Look, you do have to understand here, Minister, that there is an asymmetry and that either we can press to have real parity here between the federal Government and the United Kingdom but deep dive down on standards, or we can just let that go"?

Penny Mordaunt: There are two things that I would say. First of all, I would caveat that no one came to this Minister, because this Minister was not involved for this part.

Barry Gardiner: Which gives you total freedom to answer.

Penny Mordaunt: Exactly. The point you raise is a very valid one, but my understanding—James will correct me if I am wrong—is that if you had a particular state that went rogue and did something that was going to cause concern about how something coming into this country was produced, it would be subject to the dispute mechanism. That is my understanding.

Q429 Barry Gardiner: No, that is exactly the point that I am making. Mr Clarke, I think you will confirm that I am right in that.

James Clarke *indicated assent.*

Q430 Barry Gardiner: Because this was not part of the negotiations, and because the state level was left out, it means that if a state does go rogue, we have no traction. But it is really important, because there are enforcement clauses on environmental standards, precisely as you were saying, Minister. We have the opportunity to take them to task for it, but only at the federal level. That is why this is such a significant lacuna.

Penny Mordaunt: I have asked this question and my understanding is that it would be covered. We would be able to have redress.

Q431 Barry Gardiner: Well, I ask Mr Clarke to give us his considered view because we had the professor of trade law from Cambridge this morning, who was very clear that that was not the case.

James Clarke: There are mechanisms in the agreement—not least the environmental committee—for both sides to continue monitoring, for enhanced co-operation and work—



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Q432 **Barry Gardiner:** And there would not be a dispute settlement through the trade courts here if a state government decided to reduce its environmental standards.

Penny Mordaunt: I think the best way to resolve this— I did not hear the evidence session earlier today: I was talking to Ghana and so I missed the earlier session. I have asked my officials that question, and my understanding is that it would be covered and we would have redress. I also asked for examples and none were forthcoming, so I think it would be a rare event where this would take place. Let us look at the previous evidence and address your witness' points directly.

The second thing I would add is that you are absolutely right: state level is vital and what you can say about Australia you could say about India or the US. I have been very focused on the state level, and with future agreements—my particular focus being the US—all my time has been spent at state level in the offices of state agriculture commissioners and literally touring them all. I have been doing the US stuff since December. I have met with NASDA twice in that time. State regulation is really important and that is recognised by my Department, but we should write to you on the dispute mechanism.

Chair: We must move on.

Q433 **Barry Gardiner:** Indeed. I want to pick up on one further thing. Again, it relates to GATT article XX. The TAC said that Australian beef production may involve deforestation. Under article XX of GATT, we can justify trade restrictive practices, so we could actually justify constraining their beef imports into this country on the grounds that it affected conservation of exhaustible natural resources and it was polluting in that way, because the emissions from that do affect us. It is a different matter if it were a localised pollution event, but deforestation is not. It is a global pollution event and therefore it affects us. In the Australian case, the question of the relationship between their beef industry and deforestation is a much more moot one, and I understand that. Ministers, what I am seeking from you is an assurance that you will use article XX of GATT against imports of beef from Brazil where we know that is happening. We know that it is happening with beef companies that operate and are financed out of London and a significant amount of the beef coming from Brazil is from deforested land. I seek an assurance that you will look very carefully at this because it is vital that we do not simply allow this to go on.

Penny Mordaunt: I can certainly ask my ministerial colleague who covers Brazil to write to you about that. I know that he has been focused on some of these issues, and I can certainly get him to write to you.

Barry Gardiner: Of course it is not only Brazil, but it is a very clear example.

Penny Mordaunt: No, but I understand why you raised that particular part of the world. With the deals that we are discussing today, we clearly have all kinds of options for things that we would want to do, and also for related issues, such as the treatment of environmental campaigners in



other parts of the world, and for food imports.

Q434 Barry Gardiner: Minister Prentis, I hope that you would be supportive of that in this very close co-operation that you have with the DIT, because, of course, it is foolish for us to set our emissions targets as a country—to say that we want to achieve the global objectives in the Paris and Glasgow agreements—and then actually have our agricultural imports undermine them.

Victoria Prentis: In answer, it might be quite helpful to look at what has been baked into this FTA—if James wouldn't mind helping me with the details—on deforestation specifically, because it is mentioned repeatedly and there are systems for dealing with it. Over to you, James.

James Clarke: Absolutely. There are a number of provisions on tackling illegal logging and related trade, and on the preservation of our natural environment and biodiversity, all of which is incredibly positive.

Q435 Barry Gardiner: They are unenforceable, aren't they?

James Clarke: There are co-operation provisions on that, in terms of—

Q436 Barry Gardiner: Indeed; we can have future discussions, but we can't enforce against Australia. On this—under GATT XX—we can enforce, in relation to our beef imports if they have been caused by deforestation. That is the key point that I am trying to make here. I totally accept the positives that you are saying are there, in your discussions, but they are not enforceable, and that is the key thing.

James Clarke: On Australia, I would also think about the outcomes that we are likely to achieve through this, particularly on deforestation. I did not see it this morning, but I am sure you have heard—from the chair of the TAC and indeed in the TAC report—that, yes, there is a technical possibility that there are beef exports that are a result of deforestation, but that is incredibly low risk and low likelihood, given the nature of where in the country they are farming beef. There is also the fact that, yes, of course there is a difference between virgin forests and new forests, but overall—indeed, as the TAC report says—Australia is a net reforester, rather than a deforester. I would finish on the point that all negotiations are different, and the precedent in one does not necessarily set the precedent for others. That is true for the UK, but it is also true of other countries.

Q437 Chair: Leading on from that, could I ask Penny Mordaunt about carbon border taxes? In the event that we were to introduce a carbon border tax, which obviously the EU are looking at—I am supporter, as it happens, because, in south Wales, the steel we make has half the carbon of the Chinese steel coming in—and that then had an implication of a tax on some of the imports from Australia, would that be acceptable, or would there be a retaliation? What I am asking is, are we free to introduce a carbon border tax, or is there anything here that is going to sting us?

Penny Mordaunt: No, we would be free to do that. There is nothing that would prevent us from doing that, if we felt that was the right thing to do.



Chair: Okay, and as far as you are aware, James, that is—

James Clarke: Correct; that's true.

Q438 **Kirsty Blackman:** Mr Clarke, you are absolutely right—a lot of this is very complex, in talking about the difference between federal and state, and how that all interrelates. But the reality is that if there had been more time, then it would have been possible to find solutions to these things. It was done in a very quick way, and actually, complex things can be worked out; it just takes time to work them out.

The question that I was going to ask on was about the asymmetry. The UK Government are saying, "We can do things that will tie the hands of Scotland and Wales," but Australia is saying, "We can't do things that will tie the hands of our state Governments." Why did the UK not just say, "Well, we're not tying the hands of Scotland and Wales, then"? That would make it symmetrical.

Penny Mordaunt: I am sure that James can answer in terms of the actual negotiations. First, take a look at the last five years. Time does not always resolve negotiations. What you are trying to do with these agreements is secure benefits. Sometimes there are factors that limit the time you have around another nation's parliamentary cycles, or other hard deadlines such as elections. You are ultimately trying to maximise the benefits of this.

I come back to the answers I have given previously and tell you how we are handling things going forward. We will have things that can be agreed and discussed at a federal level in certain nations, and those things can only be agreed at a federal level. If someone were to do something that breached those agreements or that we had concerns about, there are things we could do to address that. Do you want to comment on the specifics of the negotiations you're involved in, James?

James Clarke: There is a hypothetical question there, if I understand your assumption correctly—if I don't, please do interrupt—which is that more time would automatically lead to a better outcome. I think it is fair to say that, broadly speaking, in negotiations, there is a hypothetical possibility that more time could lead to a better outcome. There is also a hypothetical possibility that it could not lead to a better outcome, and that it could stay the same. There is also, of course, a hypothetical possibility that it could get worse.

In the context of these negotiations, Ministers and others consider all those potential trade-offs and the opportunity costs of making progress. However, it is also fair to say that this is going to be a really important agreement for the UK in getting a competitive advantage ahead of other trading partners in exporting and providing services in Australia. However, that does not preclude us from making changes and evolving the agreement over time.

The trade agreements that were signed in the mid-1980s and 1990s—lots of which are still in force—did not cover things that were particularly vital at that time. Something that we are particularly keen and delighted to

have got in this agreement is an innovation chapter that sets up that strategic innovation dialogue, so that both countries ensure that we are constantly monitoring overall how we can evolve that agreement, not just at a governmental level, but with significant stakeholders from the business and other communities. That will ensure that we do not get stuck with an agreement that might have been good in the early 2020s, but might not cover things that, in a few years or in 20 years, will be incredibly important for supporting trade going forward.

We have a pretty extensive set of committee structures to continue the dialogue that we have had through the negotiation. This isn't about drawing a line and that's it. It's absolutely—

Q439 Kirsty Blackman: My concern about the timing was that you have been asked a few questions where you have just said, "This is really complex", and it feels like you're saying, "This is really complex, so we decided it was too difficult and we're not going to bother." That is what it felt like from our point of view. That is why I said that more time might have made a difference, but you're saying it wouldn't have made a difference. As for the federal structure, you could have just said, "No, we are not including Scotland and Wales."

Barry Gardiner: My understanding is that, under the provisions of the trade Bill, you couldn't have. It has already been determined in the Bill that the UK will negotiate as a whole. Under the terms of our own trade Bill, we couldn't have done it. What we could have done is insist that Australia do it. The way you phrased the question originally was: "Why didn't we let Scotland—"

Chair: Order. Kirsty.

Kirsty Blackman: If I was the US, I would be looking at this trade agreement and saying, "Australia hasn't bound the hands of their states in this, so we're not going to do that either."

Penny Mordaunt: Let me be clear on this. First, in terms of the structures we are talking about, the set up here, and what sits at federal level and at state level in Australia, they are not mirror images; nor is the law that we are concerned with. We touched on animal welfare earlier. We have laws—EU retained law—but that is not the set-up in Australia, as I am sure previous witnesses have spoken about at length, with far more expertise than I. These are not mirror images of each other.

We have a mere two hours today. If we had longer—I'm not volunteering, James—they could drill down into the gratuitous detail of this. We are interested in maximising the practical benefits, and how to have redress if something goes awry or someone breaches the letter and spirit. We are also interested in how we can positively impact on the things we care about but, through this deal, cannot completely get over the line, such as some of the animal welfare issues. It is a way we can talk about these issues and move people along. So they are not mirror images.

Although I haven't been involved with this deal; I have been involved in things such as the Withdrawal Agreement Joint Committee, and I have always worked incredibly hard to ensure that the devolved Administrations are sighted and given information. I changed our negotiating position to reflect things that they wanted with regard to our negotiations with the EU. I am always keen to improve on these things, but I don't think that the mirror image you are setting up is correct, either in terms of structures or the law.

Q440 Kirsty Blackman: In terms of the specific nitty-gritty of one negotiating point, the FTA does not liberalise access for pigmeat, chickenmeat or egg products. Is that because Australia does not export those?

James Clarke: There are myriad reasons behind every individual bit of the negotiation. There are a couple of factors in particular that come to mind. Absolutely, the low level of trade on those products in particular, but no doubt also a number of stakeholder concerns on animal welfare. I am sure DEFRA colleagues will want to talk more about that. It is a multifaceted decision. I wouldn't say there was a single driver behind it. Like lots of things in life, it is complex, but hopefully that gives you a flavour.

Victoria Prentis: Can I jump in? My understanding was that the animal welfare concerns were very clearly articulated, not least on caged hens and sow stalls, for both of which we have slightly—considerably—different rules, as you know.

Kirsty Blackman: The Australian Government told us it was because they don't export them. That's what they said the reason was.

Victoria Prentis: Ah. Well, James will know, but my understanding was that we raised our animal welfare concerns about those specific sectors. It is probably true that they do not export vast quantities these distances. Looking at our own sector, we are pretty much self-sufficient in eggs. However, we do import both poultry and pigmeat. I wish we did not quite so much, but we do. We are always very concerned to keep looking and to ensure that we label properly what we do import. James, do you have something to say?

James Clarke: Both the conversations internally and the negotiations with Australia, at official and ministerial level, covered a number of factors. The low level of trade was one and, indeed, animal welfare concerns raised by stakeholders was another.

Q441 Barry Gardiner: My understanding is that you have antimicrobial wash of poultry and you have ractopamine in pork from Australia, and therefore on those grounds it would have been banned.

Victoria Prentis: Quite. As I said earlier, we have regulations.

Barry Gardiner: That's not animal welfare regulations.

Victoria Prentis: Well, do you want to get into that?



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Barry Gardiner: Indirectly. It is also human health regulations.

Victoria Prentis: Yes, but we have regulations beneath which we will not go. Although I understand that the Australian market can segregate its beef into hormone-treated and non-hormone-treated, of course we will not be accepting hormone-treated beef here. The same goes for chlorine-washed chicken. I think there are often animal welfare considerations with chlorine washing, but we won't be accepting it so we don't have to worry about them.

Q442 **Kirsty Blackman:** We have had concerns raised with us about the relationship that DIT had with agricultural producers in the UK, and about the lack of information and updates that were given to them. Some of our agricultural witnesses said that they had to get information from the Australians. We have massive concerns about the way that that relationship worked. We have also heard from Australia that that works very differently in Australia, and they seem to manage to negotiate very well, while keeping their producers much better informed.

Can you please let us know whether you have also had concerns raised about these shortcomings and whether you are looking at improving the situation so that people at least know what is going on? Whether it is before or after the fact, that would be a step forward from where we are right now.

Penny Mordaunt: I can speak to the work that I do, but again I am not directly involved with negotiations on FTAs. However, as I think you can see, I work very closely with DEFRA. I represent what I think is the most urban seat, bar London seats, in the UK, so I have taken a lot of time to really understand the sector. I just think that engagement is incredibly important, and that involves learning about the markets, the sectors and the people over the other side of the table, which is why I spend so much time with agriculture commissioners from elsewhere. That is incredibly important.

I also know that my other ministerial colleagues take the same view. Mike Freer in particular, on the export side, has been very active in this space. We went together to the NFU launch of their export strategy. We are absolutely hand in glove on this.

I don't know whether James wants to add anything. I could talk about the formal process and the consultation and all of that.

James Clarke: I am very happy to speak. I can take you through the lifecycle of the FTA. Clearly, there was a consultation for which we received thousands of responses. That was the first formal moment for us receiving representations. However, through the processes set up in the Department that have evolved and improved over time around the trade advisory groups, at the end of every round, either Vivien Life—the chief negotiator—or I would update those groups on what was discussed and take questions. At a number of opportunities in those large forums, we would then solicit views, including on prioritisation. Those are the kinds of formal structures that exist. Indeed, as we reach pivotal moments, there



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were a significant number of exceptional TAG meetings where we updated stakeholders and took questions.

That was part of the engagement ecosystem. There was a significant amount of engagement—from, indeed, Minister Mordaunt's predecessor—with the NFU, the devolved and regional NFUs, and indeed farming stakeholders in constituencies up and down the country.

That was the engagement from a DIT perspective. Clearly, that was supplemented by the ongoing stakeholder engagement and we did lots of that jointly with DEFRA, but of course DEFRA also has a relationship with the farming unions and others, and I am sure we will want to dip into that—

Q443 Chair: We have had evidence from stakeholders, including beef producers, who said on the point that we mentioned earlier, "Why have we got these quotas where they take the bones out on beef so they can get a lot more beef in?" They said that they were not in a position to talk with Government to influence the negotiations. Indeed, the devolved Administrations have said that they have been left outside the room. I know that, as Barry Gardiner said, they are not formally required or empowered to do the negotiation, but one would have thought that both the stakeholders and the devolved Administrations should be able to make representations in the process, so they could be at least taken into account, and what we heard is that they have not been, really.

James Clarke: I am not surprised that some stakeholders would like more engagement. The question is almost, "Is there ever a level of engagement that is sufficient for some stakeholders?" Fundamentally, I personally have been on a number of calls with the NFU and NFU devolved and regional associations—including with Minister Hands on a number of occasions—and I talked through where we are in negotiations and took questions and representations.

Q444 Chair: Were you aware of the strength of feeling in the industry about having quotas that were basically value and cut, and not volume? You do not seem to have been, in which case there wasn't proper consultation.

James Clarke: Yes, I would absolutely say the strength of feeling on a number of these issues was fully known right across Whitehall. Ultimately, through the negotiation—and it is a negotiated outcome—those clearly went through collective Cabinet agreement and that is the outcome.

Chair: We understand that they can ignore the consultation, but what we have heard is that they did not even hear it, let alone listen to it. Did you finish, Kirsty?

Q445 Kirsty Blackman: I was just going to say, what will happen if this Committee makes a recommendation on improving consultation so that stakeholders, particularly during the process of the trade negotiations, feel like they are better involved and have a better understanding of what is going on? Minister Mordaunt said that these things are evolving anyway, and it is likely that the Government will come back and say, "We will look



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at this and we may make improvements." I am not saying you will say it is terrible, just that you will not say, "No, go away," if we put forward that recommendation.

Penny Mordaunt: No, I think everyone should be continually improving. I know that in other negotiations, particularly the work we were doing with the EU, the officials in devolved Administrations would get updates not only from the negotiating teams but from the lead Departments on those particular issues. That format worked very well with regard to Australia—James might nod to agree.

James Clarke indicated assent.

Penny Mordaunt: We are always up for doing things well. Ultimately our negotiating teams are strengthened by good quality consultation and input, and, given that a lot of these issues might disproportionately affect one part of the UK or another, I absolutely see the value of having that expertise and input. That is how we try and operate; if we can do it better, we will be very happy to do it better.

Q446 **Chair:** On that, just so we are clear, wasn't one of the key imperatives of the Australian trade deal to just get something done? When they spent time talking to stakeholders and devolved Administrations and all the rest of it, the Government wanted to say, "We have got an Australian trade deal. Brexit has worked and we are out there striking these great deals." Were you cutting corners to do that?

Penny Mordaunt: Again, James might be able to say as he was there. If a job is worth doing, it is worth doing well. Clearly, there are other things that stem from this. It is an important stepping stone in our accession process to CPTPP, which is very important. Yes, you want to maximise benefits as early as possible for people, but my sense from being in the Department since last autumn is that people are really focused on quality outcomes.

Q447 **Chair:** If the big prize is the CPTPP and we need to get there, then the Australians know that and know they can get more out of us than if we didn't have that—I appreciate there are costs and benefits—but that is true, isn't it? In other words, if we had a bit more time, we might get a better deal.

Penny Mordaunt: I do not think so. I think this Administration is legend for saying it would walk away from negotiations if it did not get the outcome it wanted. There is always going to be a point when you have to decide whether it is worth pressing a point further. What was really dictating my sense of the timetable was getting the right outcomes. Otherwise, there is no point doing any of this.

James Clarke: It is also fair to say, as context, that this didn't just happen overnight. The process of working through a series of bilateral working groups with Australia started in 2016-17. This is the culmination of a significant amount of work both in the Department and across



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Whitehall, and with a range of stakeholders. I reject the notion that this was in any way done at the last minute and rushed.

Q448 Dr Hudson: Quite rightly, the FTA does not allow the import of hormone-treated beef—that is banned from coming into the UK—and pork and poultry were excluded from it. Can you as Ministers give this Committee, and ultimately the British public, the cast-iron assurance that hormone-treated beef, ractopamine-treated pork and chlorine-washed chicken will never, ever be allowed into this country and will remain banned come what may?

Victoria Prentis: Neil, you are a Member of Parliament too, and you know that no Government can bind its successor. Certainly, the Government's position is very clear on all those products. We have regulations in place, and I for one will not be voting to reduce them—and I suspect you won't either.

Q449 Dr Hudson: Correct. So the bans and safeguards that prevent those unacceptable products from entering the United Kingdom will remain.

Chris Heaton: Chicken and pork are not coming in, because we did not make a difference to them with this deal.

Q450 Dr Hudson: No, I said that they are precluded from this deal, but—

Chris Heaton: Australia sells beef into the EU. The process for segregating its herds in doing that is very well established, so we are not introducing a new process.

Q451 Dr Hudson: I am talking about these meat products from all over the world. Ultimately, they will still remain banned from coming into the UK.

Victoria Prentis: Unless we change the regulations, and I have no desire to do that.

Penny Mordaunt: That is not an ambition that this Administration has. Obviously, the United States is always a big focus with these issues. Part of the reason why we are putting in the leg work at state level is really to understand what products are being produced. It is not just about us gaining that understanding; it is also about giving opportunities to UK producers to understand what is going on in other places. The more depth we can have about what is produced and how, the easier some of these conversations will be, and we will be able to provide people with the reassurance that these things are worth doing and that we are not going to be opening up our market to those sorts of products.

Victoria Prentis: The TAC report is quite useful on this, because it goes into some detail on how the Australian system divides hormone-treated from non-hormone-treated beef. It might be worth looking at that.

Penny Mordaunt: The final thing, just for completeness, is that you should look at things like the US Department of Agriculture's lecture at the Oxford Farming Conference about their ambitions on environmental standards and other things. There is a lot that we have in common, and



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there is a lot that we can do together, to create that effect for the things we care about.

Victoria Prentis: There is genuinely—this is me saying this—an opportunity for global standards to rise through trade.

Q452 **Dr Hudson:** Thank you for that final point and for that reassurance from the Government that those bans will remain in place.

Just a very quick question. We took evidence this morning, as you know, from Professor Bartels, the chair of the Trade and Agriculture Commission, and we unearthed some concerns about the resourcing of the TAC. Moving forward, they have intense periods of work looking at the Australia trade deal, New Zealand, and ultimately the CPTPP. He informed the Committee today that he had to employ his own research assistant out of university moneys. Can you give us a reassurance from the Department for International Trade that the TAC will be adequately and suitably resourced to make sure they can do their work, which is a huge piece of work, of advising and recommending to Government? Can you give us that assurance that they will be resourced?

Penny Mordaunt: Yes, I certainly can, and my Department is talking to him and the Committee about resourcing all the time. He has clearly identified areas that he also particularly wants to focus on, and there should be resource to do that.

Q453 **Chair:** Just so we are clear on that, obviously, the CPTPP is 11 countries or whatever. There are all sorts of different standards—all sorts of different habits in the creation of food—that may make people in Britain concerned, so a much bigger amount of work needs to be done than for the Australian trade deal. You are giving the undertaking that there will be commensurate resource given and time provided to allow that.

Penny Mordaunt: Yes, and there will obviously be a discussion about what is appropriate to do in that. I want them to be able to do this well. That may not mean a research team in every nation—we have to look at what needs to be done practically—but we want it done well, so that is an ongoing discussion about resourcing.

Chair: He did say that there would need to be links with each nation—with universities and the like.

Q454 **Robbie Moore:** I just wanted to push on one of the earlier questions that I asked, which was to do with a precedent being set by this trade agreement for future trade agreements. You kindly answered by saying there is not a precedent set, but what I want to touch on and explore a little bit more is how easy it is for the Government to take a different line of negotiation with the US or Brazil, and not be under the political pressure that those countries will put on us to strike the same type of trade agreement.

Penny Mordaunt: I go back to my original answer: when you are negotiating anything, all sorts of arguments will be thrown back at you about recent history, sometimes going back further, and about all sorts of



expectations, precedents, and diplomatic pressure—that you are doing someone a favour over their own nation. All those arguments will come up, which is why it is incredibly important that our negotiating position is evolved from consultation, is factually based, and has a very clear mandate about what it is trying to achieve. There really isn't that linkage, and I do not think it adds additional pressure. It might create a new argument for somebody, but you have to come back to facts and what you are trying to achieve, so I really do not think it does.

Q455 Robbie Moore: As a final point, obviously the NFU, the National Sheep Association and others have raised those concerns about that precedent being set. Can the Government provide reassurances that when a new trade agreement gets to the position of being negotiated, the New Zealand and Australia deals that have been done so far will not set a precedent, and that the Government have the flexibility to enter negotiations to get the best outcome for the UK?

Penny Mordaunt: Yes, absolutely. There will also be new things that we are particularly concerned about, and the country we are talking about might want a greater focus on gender, environment, or new issues that have not previously been covered with particular focus in deals to date. They are very bespoke.

Q456 Chair: May I just ask Victoria Prentis this? We know that in the round, the agricultural industry—the farmers—are facing massive pressure in terms of exports to the EU being undermined, the transfer to ELMS, the reduction of subsidy, the increasing costs internationally, and now the pressure from trade deals in terms of competition. How closely will you be working with Penny Mordaunt and others to ensure any future trade deal really does the best for our farmers, and they do not go to the wall, frankly?

Victoria Prentis: I am more optimistic about the future of British farming. I am very optimistic about our future agricultural schemes, and I am glad to say that farmers are voting with their application forms. Some 52% of them are now in a CS scheme, which will automatically transfer into mid-tier of the new schemes. That shows that farmers are really buying into the concept of regenerative farming and of public money for public goods.

I am committed to making sure that they get the support they need, in terms of both direct funding and grant funding. I think that we will be in a good position, as British farmers, to play our part in trade in the future and, absolutely, I talk to Penny all the time about the ways in which we can do that.

Q457 Chair: Given that we are very concerned about the future of the agricultural industries here, but in your scheme of things we have other interests, such as manufacturing, financial services and so on, which we understand, can I ask you, Penny Mordaunt, how important agriculture and food security are to you, in the round?

Penny Mordaunt: It is incredibly important because, yes, the Department is concerned about services and other industries, but it is also concerned



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about national security resilience, supply chains and a whole raft of other things. I have national security and resilience aspects of trade in my brief. I made reference to my constituency. I know a lot about shipbuilding, and although it is important that we have ships that we can afford, it is sovereign capability, and I would draw that comparison. This is a sovereign capability. It is about our own resilience, quality and ensuring that we have a thriving sector. That is not just about the economy, but about our resilience as a nation too.

Although in terms of yield it is not as big as some of the numbers on the spreadsheet, if you look across all the sectors, but it is fundamental to our national resilience. Let me reassure you that that is the Department's view and why I have been working very closely with DEFRA. Those sorts of issues now, in part because of Ukraine but also because of other global events, will get much more focus, and rightly so.

Q458 Barry Gardiner: Because we have you here, I think there will be public interest in our asking you this question. Australian produce comes into the UK in Southampton. It gets taken across the water into Northern Ireland. If article 16 has been triggered and we are then in that situation, what happens with our trade relations with the EU? What is the Government's thinking on this? It is all very well to talk about triggering article 16; there are certain reasons that you can do that, one of which is public disruption, but I don't think the withdrawal of one party from the Assembly constitutes that under article 16. What do the Government believe would be the legal basis of it? What would be the impact on our trade relations with the EU, if we were to do it?

Penny Mordaunt: Look, technically the position is clear and the EU will probably put counter-measures in place. Technically, you can point to things that could happen. What I would say to you as somebody who has, prior to this role, sat on the Withdrawal Agreement Joint Committee under both Michael Gove and Lord Frost, is that our view has always been one of complete pragmatism.

The problem is that the protocol is not working. Unless it does and it is accepted by people, it cannot continue to operate as it currently is. In the early parts of the withdrawal agreement, the legal documents state that checks that are done have to be proportionate and risk-based. If that is not happening—it is not, and although I don't need to tell you the statistics I will repeat them again, 0.5% of EU trade and 20% of the checks going on are on that border—that is not a sustainable position. I am genuinely not sighted on the latest on the protocol. You will have seen press speculation around that, but this has to be resolved. It was not us that triggered article 16. It was the EU on the most sensitive products—vaccines. Again, if we had more time, I could give you a big long list of all the opportunities the EU has missed in order to get this to work well. On all the practical working solutions that we have put forward on veterinary agreements or on SPS, we will continue to do that in good faith. As I say, this cannot continue. It needs to be resolved. I will just say to all Members, whatever party we are from, we have to really try and get the

EU to recognise that. If we can find a practical way through, that is by far the best thing, but the current position is untenable.

Q459 **Barry Gardiner:** Just to be clear: you believe that the legal basis is in the failure of proportionality.

Penny Mordaunt: I don't have ministerial responsibility for that, but I can point to several articles, including several in the withdrawal agreement, which point to that proportionality. There is no way that what has gone on could be said to be proportionate. It is not just the economic disruption; it is the impact on society and particular groups that needs to be taken into account.

Chair: I think we are going to have to leave it there, or we will start a conversation about the merits of rejoining the single market, and we haven't got time for that.

Barry Gardiner: You're on your own on that one.

Chair: Thank you all for joining us today. This is a critical area, as has been said by others. It is important that the Departments are working together; we can see that you are. Obviously, we have some searching questions and we will do a report. We hope that this will be a learning curve moving forward to new deals where we can engage the agricultural community and champion their interests alongside other interests. Thank you. We will meet again.