

International Trade Committee

Oral evidence: UK trade negotiations, HC 233

Wednesday 18 November 2020

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Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Paul Girvan; Sir Mark Hendrick; Anthony Mangnall; Mark Menzies; Taiwo Owatemi; Lloyd Russell-Moyle; Martin Vickers; Mick Whitley; Craig Williams.

Questions 228 - 288

Witness

I: Hon Tony Abbott AC, Former Prime Minister of Australia, and Adviser to the UK Board of Trade



Examination of witness

Witness: Tony Abbott.

Q228 **Chair:** Welcome to the International Trade Committee of the House of Commons. Today we have a public evidence session with Hon Tony Abbott AC, who has been appointed to the Board of Trade in the UK. Mr Abbott, I will let you introduce yourself in your own terms rather than mine. Name, rank and serial number and whatever else you would like to add.

Tony Abbott: Thank you, Mr Chairman. It is a pleasure to be with you all, even if it is only via Zoom. It is an honour to be an adviser to the British Board of Trade. I am confident that if my work can help to facilitate good trade deals between Britain and likeminded countries in the months to come, that will be good for Britain and good for Australia. Thanks for having me and let's get on with the show.

Q229 **Chair:** Excellent. Fine words. Just as a kick-off, how do you see the role of the Board of Trade and its relationship to the Department for International Trade?

Tony Abbott: Obviously, the Board of Trade itself comprises the Minister as the president and a number of other Ministers—the Secretaries of State for Scotland, for Northern Ireland and for Wales—as vice-presidents. Essentially, the Ministers comprise the Board of Trade and they act for and on behalf of the British Government.

The Board of Trade advisers act effectively as, I suppose, an advisory group for the Ministers and for the Ministry. Specifically, we can act as advocates for freer trade—in particular freer trade with Britain—and, where possible, we can act as facilitators. Certainly, I would like to be, to the best extent possible, a facilitator towards a swift deal between the United Kingdom and Australia, because I think that no two countries are more complementary and no two countries should be able to do a deal so easily.

Q230 **Chair:** Do you see your role only as a sort of an interlocutor—as a catalyst, perhaps—between the UK and Australia, or do you see your role as being wider than that?

Tony Abbott: I think I have a wider role as an advocate for freer trade. Freer trade sometimes does not get the good press that it deserves because, let's face it, no trade takes place unless you have a willing buyer and a willing seller, and, at least in principle, the fewer obstacles there are to willing buyers and willing sellers, the better. Certainly, between likeminded countries with comparable standards of living, as few barriers as possible is the best way forward. That is one of the reasons why I think the Government is so right to have as its priorities free trade deals with Australia, New Zealand, Canada and the United States, because we are obviously hugely likeminded, being Five Eyes partners, and we all have pretty comparable standards of living.



Yes, there is a role as an advocate for advisers to the Board of Trade, and in some cases there may well be a role to facilitate. I have certain networks and contacts in all sorts of places, and if I can deploy them in ways to help Britain, in ways which are not inconsistent with Australia's best national interests, I would obviously be only too happy to do so.

Q231 **Chair:** You say "as few barriers as possible", but you do accept that some rules are essential in the sphere of international trade. You will always have tramlines, at least, for trade to be able to conduct itself.

Tony Abbott: Mr Chairman, you probably should unpack that a little. Obviously, if something is illegal to be sold in Britain, a free trade deal with Australia does not mean that an Australian product that would otherwise be illegal can somehow be sold. Plainly, in the end, all sovereign countries are governed by their own national laws and something that is illegal is never going to be made legal by an FTA. Nevertheless, within the law, the fewer additional barriers, such as tariff barriers, quota barriers—

Q232 **Chair:** Indeed. That is the point I was driving at on free trade and "as few barriers". We do have essential laws—environmental laws, child labour laws and everything else—that can often be overlooked.

Tony Abbott: Sure, and if an Australian-made product is in breach of British environmental laws, obviously it could not be sold in Britain. If an Australian-produced farm product is in breach of British food standards, obviously it could not be sold in Britain, regardless of any tariff reductions or quota abolitions.

Q233 **Chair:** The Department for International Trade has said that the board will produce a series of reports on "key trade issues". What do you think your role will be in producing these reports?

Tony Abbott: There are a number of reports in the pipeline. My understanding is that the early cabs off the rank are expected to include the levelling-up report—how free trade can help parts of Britain that might be less economically exuberant right now. Then there is a report planned on green trade—how Britain can use trade to advance an environmental agenda. There is another report planned on trade with the Commonwealth, and I have to say that given the good will that continues to exist between Britain and the countries of the Commonwealth, it is important to make the most of that—to utilise it as far as is possible—particularly if there is not always that much good will just at the moment between Britain and the EU. They are three reports that are coming fairly soon.

My understanding is that the reports will be drafted in the Ministry. Advisers to the Board of Trade will be invited to have their input, but in the end the reports will be prepared by the Ministry. My understanding is that it is yet to be decided whether these reports will be reports to Government or reports by Government, but certainly the understanding



HOUSE OF COMMONS

at the moment is that the essential drafting will be done by the civil service in the Department for International Trade.

Q234 **Chair:** I wonder if they will be reports to and by Government, but time will tell.

Tony Abbott: Well, that is a very good question. A report by Government obviously has a different status and operates under different sorts of expectations and understandings from a report to Government. A report to Government can canvass a whole lot of issues in a way that a report by Government normally cannot. As I said, I think it is yet to be determined exactly what the President of the Board of Trade wants these reports to do, but certainly the subject areas have been well and truly delineated and my understanding is that those three topics that I mentioned are likely to be the first ones produced.

Q235 **Chair:** My final point might have been covered but I will ask it in a catch-all manner. Following the board's recent meetings, what do you think the objectives and the plans are for the next few months, over and above the reports?

Tony Abbott: Plainly, the most important priority for Britain in the next few weeks is doing the best it can to secure the best possible deal with the EU. That is not our job, obviously; that is the job of the Ministers and officials dealing specifically with Brexit.

I would have thought that our job is to try to get the best possible deals, as quickly as we can, with Australia, Canada and the United States. I know that on both sides there is an eagerness to try to get the Australian deal done before Christmas, and I hope that in the next negotiating session both sides are prepared to put all their cards on the table so that the best possible deal can be hammered out. Ideally, a deal between Britain and Australia would involve no tariffs, no quotas, as full as possible mutual recognition of standards and qualifications, and as free as possible movement of people for well-paid work, not welfare. That has to be the objective in any negotiation between two likeminded countries of comparable standard of living.

Plainly, given the history between Britain and Australia and the complementarity of our economies, a deal of such ready economic integration should be more possible with us than with almost anyone else, except perhaps Britain and the countries of the EU, given that they have been so integrated for so long. That, I suspect, will take a little more good will on the part of the EU negotiators. That has always been obvious.

Q236 **Chair:** Some of us, of course, would argue that the UK has had the best possible deal with the EU and is walking away from it at the moment, but we had better not go down that rabbit hole at all.

Tony Abbott: Chairman, the problem, if I may say so—and pardon me for interrupting—



HOUSE OF COMMONS

Chair: Feel free.

Tony Abbott: —and getting into fraught territory—

Chair: Even better.

Tony Abbott: The problem with the EU is that it was not just an economic area. It was a political project as well as an economic project. The fundamental divergence of Britain with the rest of the EU was because at least the French, the Germans and the Italians saw it as a political project; the British saw it as an economic project, but as time went by it became more and more obvious that there was an overriding political dimension to the whole thing, which the people of Britain, by a decisive but narrow majority, chose to reject back in 2016.

Q237 **Chair:** Indeed, those are the perceptions—they are the perceptions that are going to cost from 5% to 7% of GDP—but we are now going down the rabbit hole.

Tony Abbott: We are. Mr Chairman, thank you for the good-humoured way in which you are approaching this. Look, we cannot undo what has been done, at least in the short or medium term. The challenge now is to make the best possible go. It is to have a red-hot go in the big, wide, wonderful world that Britain is now going into as a fully sovereign, independent country. Australia is one of the proudest products of global Britain. Now that we have global Britain about to join us again, I think it is in everyone's interests that we make the best of it.

Chair: We will see what a bit of poverty does.

Anthony Mangnall: I might say, Chair, that some of us would also argue that there lies great opportunity ahead in us being outside the European Union.

Chair: We look forward to cleaning chimneys.

Q238 **Anthony Mangnall:** I am particularly grateful that we have Mr Abbott with us; good evening to you, sir. I am going to steer us all away from this subject, because it is going to detract us from the important insight that we are going to get. Mr Abbott, can we just go back to how you were selected for the Board of Trade and what that process was?

Tony Abbott: Sure. I am not sure how formal the process was, but I received a phone call one evening from the Secretary of State, Liz Truss. She said, "We're going to reconstitute the Board of Trade, including a number of advisers. Would you be prepared to be one of the advisers?" I said, "Look, I'd love to be considered. I'd be happy to help as far as I'm able, given that I think Britain's success is not only in the interests of Britain but in the interests of Australia and the interests of the wider world."

Now, obviously I was an Australian Prime Minister who had a record of getting deals done. We had deals under negotiation with China, Japan and South Korea for almost a decade when I became PM at the end of



2013. They had been languishing largely because, particularly under the former Government, the negotiators had been, dare I say it, a little too preoccupied with labour standards and environmental standards. All these are important—I do not for a second minimise them—but in the end a trade deal is about trade. I said, “Look, focus on the essence of it. Get the best deal that you can within 12 months.” So I gave them a goal—I gave them a target, a timeline—and at the same time I stressed to the national leaders of those countries just how important these deals were in terms of a deepening partnership between Australia and China, Japan and South Korea respectively.

I had a pretty good record. I did not want the best to be the enemy of the good, as it so often is. The Japan deal gave us much better access to the Japanese market. The China deal was the first deal that China did with another G20 economy. Likewise, the Korea deal was a very good deal for us and, I think, for Korea too. While you will always say that any of these deals could have been better, they basically in every case covered something like 98% of our two-way trade and made all of that, over time, free of tariffs and quotas, with most favoured nation provisions so that any future deals that any of us did with better terms would be replicated in the deals we had. There was a good record there, and that is why Scott Morrison, our Prime Minister, made the observation that it was a good hire, although he perhaps could have said that it was an honorary hire as opposed to a hire for a fee.

Q239 Anthony Mangnall: You have just listed some incredibly successful trade deals that you undertook during your premiership. Can I just push you on the lessons that you learned from those trade deals and how that might replicate itself in the future trade deals that the UK is going to do with other countries?

Tony Abbott: We essentially had two substantial deals prior to my time as PM. There was the Closer Economic Relations partnership with New Zealand, which had been on foot for about two decades, and there was the deal with the United States that we did under the Howard Government in, I think, 2005. That covered under 20% of our trade. Over 70% of our trade was covered pretty much 12 months into my time as PM. It was a purple patch for Australian trade diplomacy, you might say.

The lesson was, “Don’t sweat the small stuff. Get the best deal you can, if necessary, by looking at the other deals that these countries have done and taking the best aspects of each of them, stapling it together and doing it with us, and then put in place a process to try to ensure that for anything that cannot be satisfactorily resolved here and now, at least there is an ongoing process for improvement in the months and years ahead.” None of these deals are static and, as you might know, there is a bit of trade tension at the moment between Australia and China notwithstanding the deal, but hopefully all of these deals take your trade partnership—your economic partnership—to a higher level, and there is a



HOUSE OF COMMONS

ratchet in operation so it can only further improve rather than deteriorate.

Chair: In the danger of us being static and with the tension with time, I will move on to Mark Menzies.

Q240 **Mark Menzies:** Mr Abbott, I think it is fair to say that when you were Prime Minister of Australia you focused on all the states. It was not just about New South Wales; Western Australia, Queensland—they all prospered under your premiership. With that in mind, on the UK Government web pages about the Board of Trade, it says the Board of Trade is “focused on promoting the UK regions” and nations “as destinations to trade and do business with”. Can you explain what steps the Board of Trade is taking to make sure that the whole of the UK benefits from international trade?

Tony Abbott: Plainly, the vice-presidents of the Board of Trade are the Secretaries of State for the other constituent parts of the United Kingdom—Scotland, Wales and Northern Ireland—and you would think, almost by the nature of the Board of Trade, a Scotch, an Irish and a Welsh perspective will come into their thinking.

One of the things that I did was to try to include the premiers in our general trade discussions—not the specific negotiations but the general discussions. For instance, in April 2014, I took a very big delegation to China—that was the time when we actually finalised the trade deal between Australia and China—and the delegation that I took included five of the six state premiers. We had a joint meeting between me as Prime Minister and President Xi in the Great Hall, with five state premiers along as well. I think that was a pretty good indication to the Chinese that this was a wholehearted national effort on our part, and I think it was also a bit of a lesson to our own negotiators to try to be as inclusive as possible when you are thinking about the different interests of the different regions of our country.

Chair: We look forward to seeing Mark Drakeford, Nicola Sturgeon, Boris Johnson and the First Minister of Northern Ireland in the Great Hall of the People at some point. Mark Garnier, I do not know if you have been in the Great Hall of the People, but I am sure we will hear.

Q241 **Mark Garnier:** I have been, and I hope I go back again. Mr Abbott, thanks very much for joining us. I am quite interested in your views on how the Board of Trade can help promote Britain’s role in the global trade arena. The Secretary of State, Liz Truss, said on 29 October in a speech at Chatham House that she wanted the Board of Trade “to re-establish the UK as a major voice in global trade”. It is a great ambition to have, but how can the Board of Trade play its part in that?

Tony Abbott: I think she wants us to be advocates rather than negotiators. Obviously, if you have people of some standing and credibility when it comes to successful trade negotiations as members of the Board of Trade, that gives you a certain amount of clout. For



HOUSE OF COMMONS

instance, were I to be in Washington at the moment—as we know, travel at the moment is heavily interrupted by virtue of the pandemic—I would certainly be doing my best in every possible circumstance to impress upon the Americans the benefits of swiftly doing a good deal with the United Kingdom.

I would also be impressing upon the Americans the benefits of having another look at the Trans-Pacific Partnership. Without going into the rights and wrongs of the recent election, obviously, a change in the Administration is an opportunity to have another look at things. It is interesting that the Obama Administration launched the Trans-Pacific Partnership. During the 2016 campaign, both sides of American politics pulled away from the Trans-Pacific Partnership, which I think was a pity—understandable in some respects but a pity. Now is a chance, I hope, to have another look at the TPP. Obviously, Britain's accession to the TPP, which I hope will swiftly happen, will make the TPP an even more important trade body for the United States to be part of.

Q242 Mark Garnier: I do want to ask you some more questions about that, but I will come back to that a bit later in this evidence session, if I may, because—*[Inaudible.]*—a very important thing.

In describing the role of the Board of Trade and your role within it as one of the very noteworthy advisers, you described how you would try to help Britain get better trade deals. I think what Liz Truss was trying to say was that Britain will be a global advocate of free trade. Obviously, we want to secure good trade deals, but this is not about securing good trade deals; it is about being a big, important voice. For example, trying to get Liam Fox to be the Director-General of the WTO was part of that. There is an awful lot of good that comes out of free trade, as we are all agreed. How do you and your role on the Board of Trade help Britain's voice become greater in the great campaign to get better free trade globally?

Tony Abbott: Obviously, I am not speaking on this subject simply as a former Australian Prime Minister; I am now speaking on this subject as a former Australian Prime Minister who is an active ally of the United Kingdom in this very important respect.

Again, the important thing to remember with trade is that you cannot have trade without a willing buyer and a willing seller, just as if you have a willing buyer and a willing seller on the high street of any town in Britain, that is a very good thing; the fewer obstacles to willing, voluntary sales, the better. In principle, there is no difference between the transactions that take place on the high street and the transactions that take place between High Street and Main Street. In principle, there is no difference.

I appreciate that geopolitical considerations can play a part and there might be all sorts of trades that we do not want to see done with countries that are our strategic rivals, but certainly, between countries



HOUSE OF COMMONS

that are strategically at one, that are very substantially likeminded across the board—as Britain, Australia, the United States and all the Five Eyes countries are—and that have comparable standards of living so there is no question of anyone’s wage rates being significantly undermined, and there is no question of anyone’s environmental standards or animal welfare standards being significantly undermined, these are the deals that really should be done easily and swiftly.

Q243 Mark Garnier: You have demonstrated that you are a friend of the UK by taking a role on the Board of Trade, but a good friend of a country can also be a critical friend of a country. I am interested in whether you think our trade policy supports our aim of truly global Britain, and whether you think there is anything we are not doing right that we ought to try to address. Here is your opportunity.

Tony Abbott: Friends should be critical behind closed doors rather than in what is inevitably a public forum. I do not want to be critical of Britain, because I think—

Q244 Chair: It is an open society. Please. We are not in China, in the Great Hall of the People.

Tony Abbott: I do not want to be critical of any of the constituent parts of Britain, even though I did notice that the First Minister of the marvellous country of Scotland was a little critical of my role.

Chair: Surely not. Surely that was an interpretation.

Tony Abbott: Maybe it got lost. The accent was too much for me, perhaps.

The cautionary note that I gave to my public servants and negotiators back in 2013 I would probably give generally. If you want a trade deal, focus on trade. If you want to do an environmental deal or an animal welfare deal, do it through COP or through some other mechanism, and remember that the best is the enemy of the good. If we hold out for a deal that is absolutely perfect in every respect, we may well never get it. If we take the best we can get at this time, that is nearly always good in itself and is the best possible platform for further progress.

Q245 Mark Garnier: One very quick last question. Your fellow Antipodean, Crawford Falconer, when I was a Minister in the Department for International Trade, once said to me that the best trade deal is when both sides of the deal are equally pissed off. Is that a fair assessment?

Tony Abbott: I do not think trade negotiators should approach their job as lawyers to a divorce settlement. Trade negotiators should approach their job as the facilitators of a happy partnership. You do not do trade deals with countries where you do not at least think there is a fair degree of mutual self-interest, and in the case of countries like Britain and Australia there is not just mutual self-interest; there is a vast amount of



attitudinal comparability, of shared history, of mutual good will. Let us build on that.

Chair: I think I can hear the music. Here comes the trade deal, down the island—down the aisle, rather. Well, down the island would be appropriate for me.

Q246 **Craig Williams:** Building on those points from the Chair and Mr Garnier about the trade deal, given your role and what you have been telling us today, and given what you have said on record about facilitating trade deals between Britain and other countries, I wonder whether we could dig into how you are going to achieve that facilitation as an adviser and how you integrate into the Department for International Trade to facilitate that.

Tony Abbott: I was able to do some online conferencing with senior members of the Department for International Trade when I was in London a few weeks back and hopefully helped to get the message across that you do not want to let the best be the enemy of the good. I have been able to have some private discussions with senior members of the negotiating teams of both Britain and Australia about the desirability of getting this thing done sooner rather than later. It is informal; it is behind the scenes. It is not negotiating as such—that is for the negotiating teams, not for people like me—but it hopefully is a way of reminding, in a very friendly way, the negotiating teams about the overall interest that both countries have in getting the best possible deal done as quickly as possible.

Q247 **Craig Williams:** I wonder whether I could ask another very quick question, since you are in front of us. You talk over and again about the best being the enemy of the good and sweating the small stuff. As an MP that cares more about sheep meat than probably any other Member of Parliament, how would you advise both this Committee and our negotiators to keep me happy on the sheep meat but get the—*[Inaudible.]?*

Tony Abbott: One of the ways we managed to do the deal with Japan—Japan has a very strong farm lobby and a particularly strong rice farm lobby—was to phase out tariffs over, I think, 15 years. I believe British farmers are as good as farmers anywhere. You only have to look at the farms of Britain to see how magnificent they are. Some, I suppose, are lifestyle rather than agribusinesses, but nevertheless they are much loved by the people who work them, and whether you are producing at volume or at quality or both, I reckon there is no British farmer who does not want to do the best possible job. I would be confident that under any deal, there will be a great place for high-quality British farm products.

In terms of assuaging any anxiety that your farm constituents might have, phase the tariffs out over a significant period so people have the chance to adjust in terms of both their marketing and their product offering. Farmers are very adaptable, British farmers no less than



HOUSE OF COMMONS

Australian ones. I know there is understandable anxiety in many circles in Britain about the next few months. We lost a very comfortable trading relationship with the United Kingdom and at the time it was supposed to be the end of the world as we knew it, but just because our agricultural products were no longer being sold on a preferential basis in Britain did not mean there were no markets for them; it just meant—

Q248 **Craig Williams:** You think there is scope for quality and volume.

Tony Abbott: Absolutely. Most British producers are high-end producers. Many Australian producers are commodity-end producers. Over time that will adjust, I am sure, but there is nothing wrong with adjustment as long as people have plenty of time to get ready for it.

Q249 **Chair:** I think the problem for Craig Williams and the likes of sheep producers, such as myself on a small scale, is not our tariffs as such; it is the tariffs going up with our nearest and most important market almost overnight to 45%. That is a huge concern, but George Eustice might buy all our sheep and provide us with some new cows—something like that, anyway.

Tony Abbott: Angus, if I may say so, that is the EU. I am sure Britain wants to do a deal with—

Chair: Yes, that is the market and that is the problem. That is our problem.

Tony Abbott: I am sure Britain is only too happy to do a Canada-style deal with the EU. The problem is the EU does not want to do a Canada-style deal with Britain because the EU wants to punish Britain for having the temerity to leave.

Chair: That is what happens to a flea when it is in bed with a hippopotamus, unfortunately. Anthony Mangnall, you are on next.

Anthony Mangnall: Chair, I think we should invite Mr Abbott to join all our Committee meetings if he has the time.

Chair: It is a debate, and indeed I am enjoying it.

Q250 **Anthony Mangnall:** There has been some criticism in Australia of you joining the board. Certainly, Mark Dreyfus, Labor's legal affairs spokesman, has made some comments around your intimate knowledge of Australia's trading interests and strategies, questioning whether or not there could be a conflict of interest. Can you answer that? Can I also ask, what happens when we push forward for a rapid deal between Australia and the UK and there is a conflict of interest where Australia's interests might be challenged by a UK trade deal? What do you do in those circumstances?

Tony Abbott: When it comes to the essentials, I think it is very hard to see any fundamental conflict. Take sheep meat, for instance, just to take an issue that has been raised already. If you are a British sheep farmer, you might want a continuing high tariff on sheep meat imports from



HOUSE OF COMMONS

Australia. If you are an Australian sheep farmer, you would want the tariff reduced as quickly as possible. I am happy enough to see the tariff go down slowly, as long as it is going down surely. In the long run, British sheep farmers will adjust, and in all these deals what you lose on the swings you gain on the roundabouts because freer trade in the end is good for everyone. Certainly, it is more readily good for everyone if it is between countries that are likeminded and have comparable standards of living.

If a British consumer would prefer to buy Australian lamb than British lamb, why should a British consumer not be able to do that? Likewise, if an Australian consumer would like to buy British lamb over Australian lamb, why should that not happen? We have to have care, obviously, for the producers, because a decent centre-right government is always concerned about the social fabric, and farmers and farming communities are an important part of the social fabric, but we cannot keep the status quo preserved in aspic forever, and if consumer tastes change, we have to accept that that is the right of consumers. Over time, I think everyone will admit, including British farmers, that the fewer barriers the better, provided everyone is competing on a level playing field.

I really do want to stress, Anthony, that you should not approach trade negotiations as a zero-sum game. Trade negotiation is not a divorce settlement; it is effectively negotiating a partnership where both partners want to get together because both partners appreciate that, on balance, they have a lot to add to each other.

Q251 Anthony Mangnall: As an observation rather than a question, that is something that has come up time and again. When we have talked about agricultural welfare standards, we have also failed to recognise the opportunities that lie for our beef and sheep farmers.

Tony Abbott: That is correct. If we are talking about—

Chair: I will have to interrupt you due to time. I think Martin Vickers wants to get together and have a partnership with our witness for the moment or two coming up.

Q252 Martin Vickers: Mr Abbott, you have already to some extent outlined the successes and challenges of Australia's trade agreements, and you rightly said that you had a record of getting them done. How will you adapt the approach that you took when Prime Minister to your new role? How will it inform your approach to your present role?

Tony Abbott: One of the things, Martin, about the new role is that I am much more down in the nitty-gritty, as it were. Obviously, as a Prime Minister, you are up here at this level. Even as a discussant in gatherings such as this, you are much more down in nitty-gritty things like sheep farming, animal welfare standards and so on. Again, one of the beauties of a deal between Australia and Britain is that even if our environmental standards, for argument's sake, or our animal welfare standards, might differ in small detail, they do not differ in substance. Australian farmers



do not mistreat their animals. The Australian public does not tolerate environmental vandalism. We do not want to see our land poisoned or our water poisoned. We do not want to see animal welfare compromised. We are not a third-world country where they might feel that they have to cut corners through economic necessity. You know what Australians are like, Martin. We know what Britons are like. We know that you are a generous and high-minded people and I hope that you know that we are a generous and high-minded people.

Q253 Martin Vickers: Some of the negotiations we will be undertaking over the next few years will be with countries that do not have standards as high as our two countries.

Tony Abbott: Correct.

Martin Vickers: How would you adapt to those circumstances?

Tony Abbott: You would cross that bridge when you came to it. If you were talking about a country that had perhaps different standards, you deal with that, I guess, by your own domestic law saying that in order to be sold in Britain, chicken cannot be washed in chlorine, for argument's sake, or in order for barley or wheat to be sold in Britain it cannot have been treated with chemicals X, Y and Z. That would be the way to do it, rather than by keeping high tariffs or quotas on those countries.

Chair: A good use of environmental law there indeed.

Q254 Lloyd Russell-Moyle: In an answer to a question earlier, you said, "Don't sweat the small stuff". You have repeated that a number of times. If we take that in conjunction with previous statements on workers' rights being a "side-track" to a trade deal and that climate change is "absolute crap"—I think was your statement—can I just clarify what you mean by "the small stuff", bearing in mind that the Prime Minister has made a real commitment on climate change and we are hosting the COP?

Tony Abbott: Obviously, the environment is incredibly important, as I have said time and again. We only have one planet and we cannot ravage it. Our obligation, each generation, is to pass our planet on in better shape to our children and grandchildren. I accept that. I might have a different approach to zero emissions by 2050 to some others, but obviously we want to get emissions down as far and as fast as we can. All of us want that. I just think that if you try to do everything in a trade deal, you will end up doing nothing. There are other forums to pursue climate initiatives, such as the COP.

I am sure that Boris Johnson and Scott Morrison will have all sorts of discussions in and around the COP and I am confident that we are going to be steadily reducing our emissions. What you do not want to do, though, is avoid doing a deal with Australia over something that might be a relatively theological point, and in so doing needlessly advantage other countries that perhaps are much less scrupulous when it comes to environmental standards.



Q255 Lloyd Russell-Moyle: I understand that, and of course I am not particularly worried so much with a deal with Australia, but you are advising about deals all over the world, including China and, of course, the US, which is one of the big wins. Surely, you can see that there is a problem: if you have a no-tariff free trade agreement but then you have environmental or workers' labour rights that are not about the standard of the product, you effectively make Britain less competitive than the other country with which you have the free trade deal and you have no recourse to barriers, what you are doing is offshoring jobs from your country via free trade deals because your standards are rightly higher. Is there not a place in trade deals to ensure that you are not effectively offshoring jobs because you have done the right thing on labour rights and the right thing on environmental rights?

Tony Abbott: There is little doubt that environmental rules that we have put in place in Australia have, over time, caused some of our heavy industry to go offshore. That is not a function of trade deals; that is a function of environmental rules that we have decided, for our own reasons, to adopt here in Australia.

Q256 Lloyd Russell-Moyle: But surely, if you do not have a corresponding protection in the tariff or the trade, that is the thing that causes things to offshore. If you have a corresponding protection in the trade tariff that links to the additional cost of the environmental protection or the workers' rights, then you do not offshore.

Tony Abbott: Yes, but you do not trade. The truth is that trade is beneficial to everyone, but it does, over time, produce change on both sides of the trade equation. One of the reasons why countries like China, India, more obviously Japan, Korea, Taiwan and so on have developed so remarkably in quite a short space of time is because of trade, and one of the reasons they did so well was because, at least initially, they had lower wage rates and different labour standards. Yes, there have been some adjustment costs for countries like ours, but are we really saying that the world is a worse place because hundreds and hundreds of millions of people in what was once the third world have now joined the middle class? I do not think so. It is undeniably a better place.

Britain is spending 0.7% of GDP a year on aid. Fair enough, but trade is the best form of aid, frankly. We are much better off trading with these countries, even if it might in some ways make it a bit tougher for textile workers in the midlands—if there are still textile workers in the midlands—if we are importing garments from countries in the subcontinent.

Q257 Lloyd Russell-Moyle: I agree with you about fair trade; I think there is a discussion about free trade—pure free trade.

Tony Abbott: It is a question of trying to get the balance right.

Q258 Lloyd Russell-Moyle: Yes. In our trade going forward, yes, there will be trade deals with poorer countries, but it is the big countries that we are



HOUSE OF COMMONS

going to be focusing on: China and the US. We have a new President in the US who describes himself as a “union man” and thinks unions should have more power, and you are a renowned anti-union man who does not think labour rights have any role in—

Tony Abbott: I have been a union member myself. Listen—

Chair: Order. Can we have the question?

Lloyd Russell-Moyle: You have said in this discussion that you do not believe that labour rights should be something that a trade deal gets bogged down in. Do you think that your approach may be at odds with one of our bigger partners, who wants to see a greater role for labour rights in these things going forward? Are you yesterday’s man?

Tony Abbott: I am a lot younger than the guy who has just become the President across the water, so to speak.

Lloyd Russell-Moyle: Well yes, minds can be many decades apart from the body.

Q259 **Chair:** We are having a very good tête-à-tête here. Is the philosophy yesterday’s philosophy, I think is the question.

Lloyd Russell-Moyle: Yes.

Tony Abbott: Yes, I think I know what you are driving at, but the important thing is to try to use our influence not to immediately equalise everything but to try to improve things wherever we can. If Britain tries to insist that everything that is done in Britain has to be exactly replicated everywhere else, it will not do trade deals, but if it does do trade deals, I think it can be confident that along the way, it can bring quite a bit of weight and influence to bear to improve these standards in other countries. Again, are we trying to do trade deals or are we trying to reach out from one country and dictate to another country exactly how it should do things?

Chair: We will move on a little, due to time. Thank you both for that. I enjoyed that.

Tony Abbott: By the way, Angus, when I was a journalist, I was a member of the old Australian Journalists Association, which was the journalists’ union, and once I moved and led the strike motion at my then employer. I am not sure that the strike did us any good, because we ended up getting the magazine out in three days rather than five and only got paid for three days rather than five, but nevertheless we upheld the principle of the right to strike.

Lloyd Russell-Moyle: You were a member of the Democratic Labor Party at one point as well.

Tony Abbott: The Democratic Labor Party. All labour parties should be democratic, as we know.



Q260 **Chair:** It seems the philosophy of Biden and unionised labour is coming to the fore, but before we all break out into a version of “The Internationale”, can I maybe move us on to a point of UK trade policy?

Mr Abbott, you have talked a lot about freer trade. What weight do you give to food security in among freer trade? At the moment we are going through a pandemic here and across the rest of the world. It is a one-in-100-year event, but 80 years ago, just in front of me where I am here in the Outer Hebrides, a lifeboat from a ship came ashore with men who had been at sea for two weeks, who had been torpedoed. There was a food security issue in world war two. Now, a food security issue is less than a pandemic; it is a one-in-80-year event.

What weight does trade and the approach to trade—you talk about some farms being lifestyle farms and some being factory farms; I do not think you used the words “factory farms”, but bigger—in certain parts of the world have versus food security in all parts of the world? Trade that looks at this moment’s blink, or at the last, say, months or year or two, fails to see the sweep of decades and the sweep of events, and sometimes I fear it overlooks the possibilities of a food security issue. What weight do you give to that?

Tony Abbott: Angus, obviously, if we cannot eat, we cannot live, but there has never been more food than now. People have never lived better than now.

Q261 **Chair:** It requires transportation, and it could require more.

Tony Abbott: Absolutely right. Your best source of food, where you cannot produce it all yourself, which is obviously the case in Britain, is a country or countries that you trust utterly that you know will not let you down, and the last thing Australia would ever do is let down Britain in its hour of need.

Q262 **Chair:** In world war two, it was not Canada letting us down; it was the interruption to the trade that was coming by another event between us and Canada.

Tony Abbott: Exactly right, but it was not Australia that was doing the interrupting; it was Australia that was doing—

Q263 **Chair:** No, but the interruption meant we could not rely on somebody else. Regardless of where the interruption comes from—whether it is war, a lack of energy to transport ships, or whatever—you expose yourself.

Tony Abbott: Angus, it is not realistic for Britain to grow 100% of its food.

Q264 **Chair:** Do you want it to grow more or less of its food?

Tony Abbott: That will ultimately be determined by British producers, British consumers and, dare I say it, the invisible hand of the market. Government can influence that, I suppose, by bringing in judicious subsidies and so on, or by ring-fencing certain things, and Government



HOUSE OF COMMONS

can certainly do that quite consistent with freer trade deals with other countries, but—

Q265 **Chair:** What the UK is about to be hit with at the moment, certainly with what Craig Williams was talking about in sheep farming, could be argued in the UK as the invisible hand of the market, but it is going to be the very visible hand of the EU going, “No, we’ve got a 45% tariff on that”. The idea of free trade is not that free when we peel it back a little, because there are usually strings being pulled somewhere that affect it.

Tony Abbott: I do not want to underplay the adjustment difficulties, and as I said, Australia faced these adjustment difficulties 40-odd years ago when Britain joined the EU, but—

Q266 **Chair:** How long of an adjustment? When you say “adjustment difficulties”, what period of adjustment would Craig Williams’s Welsh sheep farmers be looking at? How long was the Australian adjustment period for these people?

Tony Abbott: In terms of Australian access—the access of Australian lamb to—

Q267 **Chair:** Sorry, I am looking for the adjustment period. How long was the adjustment period? What would you describe as your adjustment period?

Tony Abbott: It was probably longer than the period that you are going to have, depending on the ultimate negotiations outcome with the EU.

Q268 **Chair:** How long was the Australian adjustment period?

Tony Abbott: In 1960, more than 30% of our trade went to the United Kingdom; in 1970, less than 10% of our trade went to the United Kingdom

Q269 **Chair:** There was a decade of adjustment.

Tony Abbott: Over that decade, the direction of our trade dramatically transformed, but the thing is—

Q270 **Chair:** We have not had a year’s adjustment yet to a pandemic and people are tearing their hair out. What are Welsh farmers going to do if they are adjusting for a decade?

Tony Abbott: Being pessimistic and defeatist is never going to help, no matter how bad the situation is.

Q271 **Chair:** Being happy and optimistic over a 10-year adjustment period—does that help? If you are happy and optimistic, does that make the adjustment less real?

Tony Abbott: Angus, if you have a valuable product that is in demand and demand in one place is suddenly being satisfied from somewhere else, your product can then go to the place that was previously serving that market that is no longer so available to you.



HOUSE OF COMMONS

Q272 **Chair:** As a trade expert and trade guru, where is Craig Williams's sheep meat going to go when it is facing a 45% trade deal? According to George Eustice they just have to change, but you are saying they can go somewhere else. Where?

Tony Abbott: When Australia suddenly found that its markets—

Q273 **Chair:** I am sorry, as a trade expert and guru, you said it could go somewhere else. A specific product, Craig Williams's Welsh lamb and mutton—where can it go when Europe puts its hand up and says, "45%"?

Tony Abbott: Is Europe going to eat less lamb or will Europe get its lamb from somewhere else?

Q274 **Chair:** That is an interesting point. It has TRQs with New Zealand and, smaller, with Australia. It might not have that—it probably will not have that—with Wales, so it can get it cheaper from the other side of the world. It will not get it from the Isle of Mull, either.

Tony Abbott: The point is Europe is going to get its lamb from somewhere. If it does not get it—

Chair: It might go into another area. It might eat another meat.

Craig Williams: For the first time ever, Chairman, it can go to America, of course.

Tony Abbott: If it does not get it from Britain, British lamb can go to the place that was previously getting lamb from somewhere else, which is now going to Europe.

Q275 **Chair:** Which is where? That is my question.

Tony Abbott: Because I am not an expert on lamb, I cannot really tell you that, but I am sure the people who understand the lamb markets would know where lamb is likely to come from if it no longer comes from Britain, and therefore where Britain might have alternative markets if the European market is less open to it.

Q276 **Chair:** We will move on from lamb towards the automotive industry. The Australian automotive industry—one of the things that has been mentioned in my ear—saw its demise around your time, I think, in 2014/2015. What did you do to protect it over the years, or were you quite happy to see it go? Certainly, one of the things that is under threat, or has nervous considerations at the moment with Brexit and the trading relationship with the EU, is the automotive sector in the UK. Perhaps your experience in the automotive sector might be more illuminating than with the lamb.

Tony Abbott: What happened with the motor industry was we did not change our levels of protection. We had had substantial protection in place for the motor industry for many years, but the overseas head offices of Ford, General Motors and Toyota decided that they were not making enough money from their local operations. They had not really



HOUSE OF COMMONS

integrated their local operations into their global plans and therefore they decided to close them down. I was very regretful about that.

Q277 **Chair:** Sorry, I might be misinformed. It was not a function of any trade policy in Australia and it was nothing that, by omission or commission, was done by your Government.

Tony Abbott: No.

Q278 **Chair:** I am happy enough with that answer, as indeed will be people who may be watching—it was not an Australian Government responsibility.

Tony Abbott: But I would certainly like to see cheaper Land Rovers in Australia under the free trade deal.

Q279 **Chair:** Fair enough. If we still had Matt Western from the Coventry direction on the Committee, he would be very pleased to hear that. What do you think the main objectives should be for the UK in trade negotiations with other countries? You talked of trade deals being better with people on similar wage rates, with strategic allies and with people with similar environmental laws. With those countries that broadly have that—Australia, New Zealand, the USA—what should be the main objectives of UK trade negotiations?

Tony Abbott: Better access for British exporters and lower prices for British consumers.

Q280 **Chair:** Which countries do you think the UK should prioritise pursuing new trade deals with? Australia, presumably.

Tony Abbott: The countries it currently is prioritising: Australia, Canada and the United States.

Chair: Fair enough.

Q281 **Mark Garnier:** Tony, I promised I would bring us back to CPTPP. I was wondering what your thoughts are about the advantages that we, as a country, can get out of joining CPTPP.

Tony Abbott: At the moment the TPP covers about 12% of global GDP. If Britain joins it will be about 15% of global GDP, so it gives Britain better access to a substantial slice of global trade and it gives the other members of the TPP a bigger pool in which to operate, so I think it is mutually beneficial. Japan is a country that has just done a deal with Britain. It will be the chair of the TPP next year. Japan is the biggest member of the TPP; if Britain joined, it would be the second biggest economy in the TPP. I think there is general enthusiasm on the part of the TPP countries for British membership, and let's hope it can happen as quickly as possible.

Q282 **Mark Garnier:** You referred earlier to the UK getting the best possible deal with the European Union. Do you think that a better deal with the European Union puts a good deal with TPP in a slightly more distant



HOUSE OF COMMONS

place? Trade deals tend to lean against each other. You do not think there is any incompatibility between the two.

Tony Abbott: I do not believe so. We managed to do our deals with Korea, Japan and China in quick succession, and as soon as we got one deal, it seemed to make the other countries more eager to do a deal with us. I think if Britain does a deal with the TPP, that will make the EU more keen; if Britain does a deal with the EU, I think that will make the TPP more keen.

Q283 **Mark Garnier:** Can I turn back to the food thing very quickly and ask you about an experience that I picked up when I was last in Australia? This is back 25 years ago. I was staying around places like Moree and Goondiwindi with some beef farmers. One of the big complaints they had at the time was that the Japanese were importing a lot of Australian beef and were determining what the beef should be like. This was this well-marbled beef; it was dedicated to the Japanese market.

Around that time, the Japanese then decided that Australian beef was carcinogenic, and because the Australian beef farmers were selling all their beef into Japan and the Japan market dried up, their customer base dried up. As a result, a lot of them went bust, whereupon the Japanese farmers came in and bought cheap Australian farms and removed that carcinogenic accusation against Australian beef. That was a very interesting story at the time and there were an awful lot of bitter beef farmers.

I am interested in your views about this whole idea of food security being to make sure you have a lot of diverse markets for your product and a lot of diverse inputs coming into your market so that you do not have to rely on one market or one supplier. Has that shaped Australia's policy?

Tony Abbott: There is no doubt that sometimes market conditions are very difficult and sometimes there is a degree of sharp practice in markets by competitors or by buyers who are trying to get better arrangements. There is no doubt about that, but that is not an argument against freer trade. I think that is actually an argument for freer trade, because freer trade almost inevitably involves a greater degree of partnership, where sharp practice is less likely rather than more likely.

In this vale of tears, success is never guaranteed. Being duded is never impossible, but we want to make as many winning posts as possible, and freer trade makes that more likely rather than less likely. I can certainly remember, back in the early '90s, some of those issues. I guess all of us prefer more marbled beef these days, so the Japanese might have had a few wins culturally, at least in that respect.

Mark Garnier: Yes, we all love it, even if it is a bit expensive.

Q284 **Anthony Mangnall:** On access and membership to the CPTPP, what is the timeline in terms of being able to submit and then get into it?



Tony Abbott: I do not have all those various rules sitting in front of me, but it has to start with a letter. My understanding is that the British Government is preparing the letter. The Japanese have certainly indicated that they would welcome a letter, and I think they want to deal with it as quickly as possible. My understanding is that it would be a matter of months rather than years. It is just a question of cracking on.

Q285 **Chair:** Just before we finish, you mentioned this vale of tears; indeed, we probably need to be prayed for within this vale of tears. You mentioned that the GDP of CPTPP is 13% and that that is a good thing. Of course, the UK is walking out of a GDP club of about 16%, which also seems to be a good thing, but we know from Government figures that the GDP loss from walking out of this club if we get a deal will be 4.9%, or 7.6% over 10 years if we get no deal. But we can make a trade deal with America, which is 25% of world GDP, and only regain 0.2%, which is a tiny fraction; it is about one 24th or one 25th.

Tony Abbott: Angus, you are crying over spilt milk.

Chair: Hold on. I know we are. The milk is spilt—a lot of milk has been spilt. A little bit of milk will be recovered with a USA trade deal, which is a bigger slice of global GDP. My question is, in this vale of tears that we have, what will be the GDP gain for the UK from being in CPTPP? Remember we will not be driving fish lorries to these CPTPP countries, and moving lamb to the CPTPP countries for Craig Williams will be difficult. Do we have any idea what the GDP gain will be—not the GDP sizes of the countries involved but the GDP gain in trade?

Tony Abbott: Australia was exporting lamb to Britain in the 1880s. If it was possible for us to move lamb across 12,000 miles of ocean in the 1880s, it is even more—

Q286 **Chair:** That is a lovely anecdote, but what was the GDP value of that? I am looking for numbers. The serious question is, do we know what the GDP gain might be for the UK from CPTPP?

Tony Abbott: You know what they say about economic modelling? It was invented to make astrology look good.

Chair: Well, okay, if that is the view from the Board of Trade, we shall leave it at that.

Tony Abbott: Angus, seriously, we can argue whether it is 1% or 1.3% or 1.4%. The point you are trying to make, which is a fair enough political point, is that there will be costs involved in leaving the EU.

Chair: This is inarguable, yes.

Tony Abbott: Maybe you are right, maybe all that figuring is right, but it is a done deal. Britain is leaving the EU. Let's make the most of the future rather than recriminate—

Q287 **Chair:** Yes, but if we are telling the public that there are other deals out



HOUSE OF COMMONS

there, we have a right to tell them what they are gaining versus what they are losing.

Tony Abbott: Let's make the most of the future rather than recriminating over the past.

Q288 **Chair:** If you take £4.90 off me and give me 20p back in compensation I know I am being robbed. This is what is happening with the EU versus the USA. I want to know, when we are losing our £4.90s or our £7.60s from the EU, how many pennies CPTPP is going to give us back for that money.

Tony Abbott: I am not taking £4.90 off you.

Chair: Well, leaving the EU is.

Tony Abbott: I want to give you back as much as possible, and the sooner Britain is in TPP, the better.

Chair: That could mean 25p or £250.

Mark Garnier: The important point is, Angus, that you do not know what the gain is until you know what the deal is with CPTPP. Then what you do is you ask a proper economist rather than one of the—

Chair: A Government economist of the UK Government. I have long suspected them, as a Scottish nationalist, of being suspect.

Mark Garnier: You get the London School of Economics, you get King's College, you get any one of the great academics, but—

Chair: These were LSE figures.

Mark Garnier: You have to know what you are dealing with, though, and we do not—*[Inaudible.]*

Chair: Time is wearing on. We would like to thank Tony Abbott for joining us, for us this morning; I am not sure what time it is in Australia. We have certainly had a lively session and I think everybody has enjoyed it. Given that you are such great box office, Mr Abbott, we would love to see you back again before the Committee. You are certainly a very able and compelling witness. For your abilities and for your track record and for your views this morning, we thank you very much for coming in front of us. I will leave the final word to you, sir.

Tony Abbott: Thanks, Angus. The Palace of Westminster is being renovated—is that right?

Chair: For a Scottish nationalist it is hard to comment on these things.

Tony Abbott: It is being renovated, isn't it?

Lloyd Russell-Moyle: Slowly.

Tony Abbott: Well look, my suggestion is: move the British Parliament to Edinburgh or Glasgow for the 10 years that it takes to properly renovate the Palace of Westminster, because I think it would be a



HOUSE OF COMMONS

wonderful thing for Scotland to realise just how central a part of the United Kingdom it is.

Chair: And if they do not do that, we will realise how central we are not, and therefore we will have the right to independence. For that final word we thank you, Mr Abbott. Thank you all very much; it was a great morning. We will reconvene again on Teams, as we have discussed, for our report. Thank you very much, Mr Abbot, and we hope indeed to see you again.