

Environment, Food and Rural Affairs Committee

Oral evidence: Australia FTA: Food and Agriculture, HC 870

Wednesday 23 February 2022

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Environment, Food and Rural Affairs Committee Members present: Neil Parish (Chair); Kirsty Blackman; Ian Byrne; Barry Gardiner; Dr Neil Hudson; Robbie Moore.

International Trade Committee Member present: Anthony Mangnall.

Questions 88 - 160

Witnesses

I: Professor Louise Manning, Professor of Agri-Food and Supply Chain Security, Royal Agricultural University; Professor Fiona Smith, Professor of International Economic Law, University of Leeds; Sarah Baker, Senior Strategic Insight Manager, Agriculture and Horticulture Development Board.

Examination of witnesses

Witnesses: Professor Louise Manning, Professor Fiona Smith and Sarah Baker.

[In the absence of the Chair, Barry Gardiner took the Chair]

Q88 Chair: This is the second panel of the Environment, Food and Rural Affairs Select Committee's investigation into the UK-Australia free trade agreement. Today we are looking at food and agriculture, and I am delighted that we have been joined by three of the four witnesses who were to be with us. Our sympathies are extended to Emily Rees, who is unable to be with us this morning; I believe she is indisposed. We are very pleased that we have Sarah Baker, Louise Manning and Fiona Smith with us. I am also delighted that this is an all-women panel, which is not always the case in Select Committee hearings, so welcome to you all. Perhaps you could begin by introducing yourselves very briefly and stating where you are from.

Sarah Baker: Good morning. I am Sarah Baker and I work for AHDB as its agricultural economist. As such, we will not comment directly, as you know, on Government policy, but we will comment on our analysis of the impact of the Government policy.

Professor Smith: Good morning. My name is Fiona Smith. I am professor of international economic law and associate director for global food supply chains at the Global Food and Environment Institute, both at the University of Leeds. For disclosure to the Committee, I also act as a special adviser to the House of Commons International Trade Committee for scrutiny of the UK trade agreements.

Professor Manning: My name is Louise Manning. I am professor of agri-food and supply chain security at the Royal Agricultural University. I am also director of knowledge exchange. I am also director of a family farming business.

Q89 Chair: Louise, how could the UK Government's approach to tariff liberalisation for agri-food products impact the sector in both the short and the long term? What is your assessment of that?

Professor Manning: I would say that the impact of the tariffs that are developed would depend on the size of the trade deal. The Department for International Trade states in its risk assessment that the UK-Australia trade deal would only add 0.08% to GDP. If you were to ask me with regard to this particular trade deal, I would say that, for individual sectors, there will be some impact, but at the UK GDP level, that will potentially be quite minimal.

You have to look at each trade deal individually and its impact at the macro level in the short and long term. In the trade deal that has been set up with Australia in particular, there are both short-term and long-term implications. With the tariffs, there has been a timescale put in place for adjustment within the UK sector. If we look at other trade deals



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and the tariffs that are developed on a case-by-case basis, there will be both long-term and short-term impacts. With agriculture specifically, while there may not be a macro GDP effect, there may well be in the rural economy.

Q90 Chair: Do you agree with the Government's impact assessment that the sector is likely to shrink by £94 million as a result of this deal?

Professor Manning: The really important question is substitution and, if we have an increase in Australian imports, what that is substituting. We already bring in, especially for the catering trade, a whole range of beef from across the world. For example, we bring it in from Brazil. If the Australian imports replace the Brazilian imports, that will have one level of impact.

Farmers are a very innovative group. If you look at individual farmers, they will operate in whatever market they find themselves in. The real challenge for farmers is having resilient businesses in a time of great volatility. The risk assessment has been done based on a whole set of assumptions. I would argue that, as we go forward, those assumptions need to be revisited and rationalised so that we can have a real-time assessment. The £94 million in some ways is a finger in the air, as with a lot of assessments when you have a whole level of uncertainty. If you read the risk assessment, they are very clear on the levels of uncertainty that are in place. On that basis, it is difficult to say whether that is a realistic number.

Q91 Chair: The impact assessments were done at a very high level, by the Government's own admission, were they not? You talked about farmers being resilient. We have heard from the National Beef Association, for example, that the liberalisation of trade was with little consideration for our own industry. They said that the impact it might have on future food security should be taken into account because they were concerned that production would be suppressed by the constraints on profitability. The farmers themselves have expressed real concern in this area, have they not?

Professor Manning: Yes, they have. It is very interesting to look at the different strands of agriculture—which strands have historically been subsidised and which have not. If you were to take poultry, for example, and horticulture, those are industries that have not been subsidised historically and have developed great innovation and great focus on near market. One of the challenges around the red meat sector, if we are looking at red meat specifically, is that it is still highly fragmented. If you were to look at Australia, for example, their system of determining quality of meat is very much focused on the market and meat quality. Our systems are the systems we have used for a very long time.

Yes, there will be an impact, and on some farms there will be a significant impact. Tying that in with the changes to the single farm payment and



ELMS, it will be very difficult, at the end of the day, for a given farm to know what was the major impact that affected its viability.

Q92 **Chair:** Sarah Baker, could you turn you and pose the same questions? What are your thoughts on this?

Sarah Baker: We have done a lot of investigation into the potential impact of this deal in particular, and we will look at future deals. If we set the scene and put it in context, at the moment, the proportion of total UK imports of beef, pork, wheat, barley and rapeseed oil are less than 1%, because the tariffs have had a significant barrier to trade. As you quite rightly mentioned, the farmers are very concerned about the liberalisation of tariffs because Australia has a much larger domestic production than the UK and a much smaller population, and therefore a significant exportable surplus. At the moment, that exportable surplus is targeted to China, the USA and Japan, in that order of magnitude, for their beef and lamb, which I will focus on mainly today. That is unlikely to change in the short term.

The other thing that UK farmers are particularly concerned about is that the Australian cost of production is much lower than our domestic industry. They do not have to house their animals over winter, and they are more extensively reared. They therefore have the ability, or the potential ability, to send products into a market at much lower cost and still remain profitable.

We have to remember that trade does not take place on cost of production alone. If you look at Australia's current trading partners, they have this growing demand, and they are willing to pay much higher prices than the UK offers. At the moment, Australia can send products more profitably with higher prices to alternative markets. Australia is also a member of the CPTPP—the comprehensive and progressive agreement for trans-Pacific partnership—and that is a huge area of growth and demand.

We modelled this potential trade deal because it was important for our levy payers to really get under the skin and find out what was going on in each sector, and we used quite an innovative modelling approach, in collaboration with Harper Adams University. This model, unlike partial equilibrium and total equilibrium models, took into account the fact that trade in agriculture is imperfect competition. Therefore, it took into account the power of the intermediaries, the different-sized markets, the supermarkets change and the impact of other nations on the demand.

In terms of the key findings, if I start with lamb, the immediate impact is that there will be a large increase of Australian imports in percentage terms, but from a very small base. It is an 81% increase, but that is only 10,000 tonnes. That means that the total UK imports are not expected to increase significantly because, as has been previously said, there is a degree of displacement and most of that Australian product will reduce imports from elsewhere in the network—for instance, Ireland at the



moment. The important caveat with this is that it assumes that the China-Australia trade relations stay the same. As we can see, things do change in the geopolitical landscape, and if that relationship were to break down, we would see more Australian lamb on the global marketplace. It does not necessarily mean it will all flow to the UK, but that will obviously affect global prices.

Beef has been a major concern to UK producers. Again, most of the changes take place in UK trade volumes. There is a 261% increase in beef exports to the UK in this fully liberalised trade scenario, but that is only 12,000 tonnes. I say 12,000 tonnes; I will come back to carcase balance in a minute. Again, some of that increase in Australian imports would be offset by changes elsewhere in the network, so it may well be that the Irish producers are hit harder than the UK producers.

It looks like, in total, that Australian beef, like other most imports in the UK, will compete for space in the food service market. The model has predicted that imports from the EU will decline by 4% or 11,000 tonnes as compared to that 12,000 coming in in total, so there is a small increase in imports.

I know your witnesses at the last hearing spoke quite a lot about carcase balance, and it has to be taken into account. The model cannot differentiate; the model treats beef as beef. Australia is an experienced exporter, and it treats the animal as a combination of different cuts. It will market each part of the animal to the market that gives it the best returns, so it is likely that it will send the higher-value, fresh, boneless cuts here. That can have more of an impact on price than if they were sending carcasses and half-carcasses.

Q93 Chair: Do you agree with the witnesses at our last session who thought it was a mistake to have negotiated on a tonnage basis in terms of carcase weight, rather than on the cuts?

Sarah Baker: I could not comment on whether it was a mistake or not. It is an important consideration. The UK is on a steep learning curve with regard to negotiating trade agreements. It is not a skill that we have needed to exercise over the past 25 to 30 years because it has been done for us within the EU. Therefore, this sort of experience—it happens to be with a major agricultural exporter—is almost a cutting of our teeth, a getting into the swing of things. What is really important is that, when we start striking deals where there are potential offensive interests, we are really aware of these issues and we really take them into account.

It was suggested, with respect to the size of the tariffs—the size of the TRQs and the tariff-free access—that they might fill all of that with boneless, high-end cuts, however many animals that would mean. In my opinion, that is incredibly unlikely to happen because, first of all, if they are sending all that product to us, they have to balance and find markets for the rest of the carcase. That is simply not practical. In reality, it is an area to watch. We know what type of product they will send us. We know



that they do not hit their quotas at the moment, and they can send us product currently. We know that they have more lucrative markets on their doorstep. It is not the burning platform that may have been suggested, but it is an area of concern, and one to watch in future trade deals.

- Q94 **Kirsty Blackman:** This is not so much on the content of impact assessments, but on their methodology. Presumably, this is the first of many free trade agreements that the Government are going to negotiate and Parliament is going to scrutinise. Could the Government have done a better job in the impact assessments that they have published? In what ways could they improve that for future trade deals that they are going to put before Parliament?

Sarah Baker: That is a very good question, and it probably relates to my previous comments about this being the first one negotiated. The use of the TAG teams and the knowledge, expertise and experience within the industry and key stakeholders could be utilised more to inform Government. I sit as an adviser on the TAG team for agriculture. Nick von Westenholz spoke last week about the fact that we are sometimes informed after the event and get a heads-up but are not always fully utilised, if you see what I mean. It may be a missed opportunity for the Government to loop in some of the experts to really help—particularly, at AHDB, the export division, the market intelligence and the academics that work in this field. Impact assessments are a tricky beast, and therefore the more eyes on them, the more likely you are to get closer to the truth.

- Q95 **Chair:** There was a disparity in the various methodologies of impact assessment that the Government used, was there not? Their preferred model showed a slight decline in UK GVA, whereas one of the models showed up to a 3% decline. Is that correct?

Sarah Baker: Yes, and that shows the nature of models and economics. Put two economists in a room and you will get four opinions. In all seriousness, the reason that we adopted a different approach was exactly to help balance those impact assessments because, if you have more than one point of view, you are going to get closer to the truth. Whichever methodology you adopt, models have their limitations. They are only ever a representation of reality, and they have to assume, by their very nature, that all other things remain equal; otherwise, they become unworkable. We know that is not the case in real life.

- Q96 **Chair:** Indeed, particularly in international relations at the moment.

Sarah Baker: Gosh, yes, absolutely. The more people you can involve in this process, the more open we are about our impact assessments and the more knowledge and expertise we draw into them, we will finesse this and get better and better at it.

- Q97 **Dr Hudson:** Sarah, as you said, there are some unknowns in this in terms of the south-east Asian market and what will happen with that. There is the risk that that market could pivot. If things change, the



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Australian market could then pivot towards us.

As you said, there is a bit of an assumption in here, and I just wanted to see how reliable that assumption was. You mentioned that the assumption was that, with the beef and lamb coming in, it would likely, in the first instance, displace other meat, potentially from the Irish market. I just wanted to probe you on that. How reliable is that assumption? The GB-Northern Ireland situation is complex, and it is all factored into Ireland as well. We do not know how that is going to pan out in the short to medium term. How reliable is that assessment that this meat coming in from Australia will displace the Irish meat or might displace things going on here in the UK?

Sarah Baker: There are two things there. If I take the first part of that question, if the relations broke down and the Australians lost access to the Chinese market, yes, that means a lot more beef on the open market. China's demand for beef is not going to stop. They have a growing population and a growing demand for beef, so if they are not buying it from Australia, they will buy it from somewhere else, and therefore that has an impact on the network as a whole.

The second thing is that the type of beef that is in high demand from Chinese consumers is not exactly the same product that is in high demand from UK consumers, so it is not a simple pivot, as many commentators have said. It will have ramifications throughout the network, and those ramifications will have an impact on the UK industry for certain, but it is not a quick, "Divert the ships and they will all come into Dover instead."

For the second part of that displacement, we based our assumptions on the fact that UK supermarkets and consumers are fully behind the British brand. The vast majority of British beef is sold in retail, and we do not expect that to change significantly. There is Irish beef in retail as well, but we do not expect that to change significantly in the short to medium term. In the long run, as we know, everything is open to change.

We see the Australian beef coming in in food service where, as Louise said, it has made penetrations. Other imported beef has made penetration in the food service market. You are much less likely, as a consumer, to ask about the provenance of your beef if you are in a restaurant or a takeaway than you are in the supermarket, where it is clearly labelled and so on. It is based on assumptions. We are facing food price inflation and there will be price points at which the consumer may decide to switch loyalty, but at the moment we are sticking with those assumptions.

Chair: I will briefly bring Professor Manning back in and reassure Professor Smith that we have not forgotten her. There are a number of questions that will be specifically directed to you later on.

Professor Manning: It is important to say that risk assessments are guesstimates. They are based on the quality of data, so the training



datasets that you are using that underpin these models and assessments are really important. The challenge with beef and lamb is there is a real lag in that production system. If you look at poultry, for example, the systems are short-term. You get the data very quickly, and you can be innovative and adaptive. If you look at red meat, especially in many of the constituencies the members of the Select Committee represent, the breeding plans and grassland management that is being undertaken on UK farms have a real lag. It takes years to develop a 1,000-ewe flock.

One of the challenges with beef and sheep and our adaptability in the UK is that biological challenge of the lag phase of red meat. We have to recognise that as being a really important area, and also the data that we as the UK hold for our beef and sheep production. Across the UK, many farmers are moving to low-cost New Zealand-style lamb production, and they are already developing—and have been for decades—many of the systems that we would normally see in New Zealand and Australia.

Companies such as Innovis are bringing in a whole range of genetics from New Zealand so that we can produce better confirmation and better-performing livestock for the markets that we serve. There is a lot of activity across beef and sheep in terms of innovation and getting close to market, but it is highly fragmented—more so than other industries that have one model that all farmers would produce to. That presents a challenge in the UK for how we recognise where the innovation is and cascade that out to more farmers.

Q98 Robbie Moore: Fiona, we might start with you on this one, if that is okay. I was just interested to find out from the panel how likely it is, in your view, that the Australia trade agreement will set a precedent for a future trade liberalisation approach to agri-food products in other trade deals that are likely to come down the line.

Professor Smith: Thank you for the question. There is no precedent in international trade in the extent that the UK will be forced to replicate the Australia trade deal in every other trade deal that it enters into, but there certainly will be political pressure for other countries entering into trade deals with the UK to get the kinds of concessions that are available in this current UK-Australia deal. Certainly, we can see that parts of the language of the UK-Australia deal are borrowed from other agreements. Although there is no formal mechanism for precedents, there will certainly be pressure to get the same kind of deal.

I just wanted to add two points from the previous discussion. Just on impact assessment methodology, there are different kinds of methodologies, as has already been said by colleagues who are much more expert in this field than I am, but there are sustainability impact assessments of trade deals that are done in the context of the European Union. I know that is something that the UK Government have looked into, particularly for concerns around environment impacts.



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The second point to note is, when we are thinking about the impact of these liberalisations with the tariffs and the tariff quotas, any goods coming into the UK have to meet UK food standards. That is something I am sure we will get on to later.

Q99 Robbie Moore: Indeed we will. Sarah, could I ask the same question to you, focusing on that idea of the Australia trade deal potentially setting a precedent for others that are likely to come down the line?

Sarah Baker: As Fiona has said, it does not mean that it would be replicated. There is no obligation, and each FTA is a separate, complex set of negotiations. Each potential partner has its own defensive and offensive interests, but there is no doubt about the political pressure. There is no doubt that the first port of call for negotiators would be to examine recent free trade agreements and see what has been agreed to give an indication of their asks and first offer.

As I have said before, the first FTA that has been signed has been with a major agricultural exporter. The next one out of the blocks, with New Zealand, is very similar. We have the US on the horizon, and we have the comprehensive and progressive agreement for trans-Pacific partnership. I would imagine that negotiators from other countries will look at this agreement very closely.

Q100 Robbie Moore: In your view, Sarah, how easy is it for the UK Government to set a completely different strategy and approach when it comes to negotiating with future trade partners?

Sarah Baker: They can set whatever strategy they like. They can set a completely different strategy. It is down to the success of the negotiators.

Q101 Robbie Moore: Louise, it is good to see you again.

Professor Manning: It is good to see you.

Robbie Moore: I hope you are keeping well. Can I just ask you the same question? I am conscious that there has been a lot of concern raised, particularly from the farming community, about the Australia trade deal creating a precedent and this then setting the formula going forward for other trade agreements, particularly the one with the US and others that are likely to come down the line in South America as well. What is your view on this?

Professor Manning: It does set a precedent. It sets a precedent in what is included and also what is missing. To give you an example, under the animal welfare chapter, it just defines animal welfare in terms of food production. If we are looking at Australia, a large number of livestock have been used to produce textiles. Any food that is derived from those sheep—we are talking about wool—is a by-product of wool production. That is not mentioned in this trade deal. Especially as we go across the world, where livestock are used for a whole range of products, it is really



important that we have animal welfare that covers all animals and markets.

What is quite concerning when you read the impact assessment is that it is on national GDP. There is some local GDP data within it that shows that some regions are going to be disadvantaged, but it highlights very clearly the trade-off between being able to access lithium and being able to drive the car industry, and we will have to do a trade-off in terms of food. These are called deals for a reason. In supporting one area of the country and one industry, another will be negatively affected. That is shown in this trade deal.

Q102 **Robbie Moore:** We will get into the detail in later questions. Just as a quick supplementary, in your view, Louise, is the voice of the farming community being heard enough at a high level in Government when it comes to the concerns that have been raised with the issue of a precedent being set for future trade agreements?

Professor Manning: It is very hard for the rural economy to have a voice when we are a highly urbanised country. There are a number of issues affecting communities where parts of a trade deal can benefit them. If we are looking at the levelling-up process, it is very clear that this trade deal is also aligned with the Government's levelling-up strategy, and the rural sector, and farmers in particular, lack a voice in that strategy as well. I would say yes, but it is not just about food. It is much wider in terms of rural economy.

Q103 **Dr Hudson:** Louise, you have started us off on animal welfare. I wanted to go a bit further into animal welfare, so perhaps I could come to you first. Does this Australia agreement deliver on the Government's commitment to upholding high animal welfare standards in their trade negotiations and deals?

Professor Manning: If I can just step back, in assessing animal welfare, we have a combination of subjective measures—a life well lived. There is a question about how you even define that in terms of metrics, and there is a social aspect to a life well lived. Equally, there are sets of metrics that you could define for individual animals. What we have seen in this agreement, and equally in the primary correspondence around the New Zealand agreement, is an agreement to disagree because of what I see as quite a challenge in terms of being able to objectively measure welfare.

High welfare is about perception. If I give an animal more space and an animal lives for another 20 days, that is higher welfare. It is done in a very standard, normative way. If you were to ask consumers, they would have a much more holistic view of what higher welfare looked like. That presents the challenge in trade deals and is why negotiators have to agree to disagree.

Q104 **Dr Hudson:** Can I press you, though? With this current agreement, have



the Government upheld their commitment to upholding standards? Can we have just a yes or no? I know that is a tough one.

Professor Manning: Yes, in terms of how they describe higher welfare, but whether how the Government describe higher welfare is actually higher welfare is another debate.

Q105 **Dr Hudson:** I am going to come on, in the next part of the questions, to core standards. We may get more into the definitions of what we mean by high animal welfare. Fiona, I will come to you with a subsequent question, but can I just quickly throw that question to Sarah? Does this agreement deliver on the Government's commitment to uphold high animal welfare?

Sarah Baker: I would agree with previous comments. They have been upheld because a non-regression clause has been included for the first time. That means that neither party can regress on the current animal welfare. There was a lot of talk about a race to the bottom and declining standards in order to undercut one another on price. That has addressed that major issue.

On the whole issue of animal welfare, which is not my particular area of expertise, having spoken at length to the Australian high commission, we need to take animal welfare—I know we will talk about that at length—as a complete area of study. It cannot be used as a barrier to trade, and it should not be thought of as some sort of protection for the domestic industry, because the fact is that the Australians are adept at meeting the standards of any market that they choose to pivot to. They can still do that at a lower cost of production than UK producers. When we are talking about welfare, we need to be careful exactly what we are talking about. We are not talking about keeping products out, because that is not going to happen. We are talking about true animal welfare.

Q106 **Dr Hudson:** We will get on to the definitions of animal welfare in my subsequent questions about standards. Sarah, you mentioned the non-regression clause; I have significant reservations about that. All that says is that, with both partners, neither is going to get worse. If the UK, as an outward-looking nation, is trying to be a beacon on high animal welfare and environmental standards, looking for a way of bringing up standards in the rest of the world, a non-regression clause perhaps is a bit more limited.

Fiona, Louise mentioned that the two partners have agreed to disagree, but animal welfare is now exempt from the dispute mechanism. They have agreed to disagree, but they cannot do anything about it. How can we resolve these differences in perceptions on animal welfare and farming standards between the two nations?

Professor Smith: What is important with the trade deals is that we see the various chapters as interlinked. We have a standalone chapter on animal welfare in chapter 25—that is true—but that just talks about



aspiration about animal welfare. I have some reservations about exactly what it does and does not do, which I will mention in a minute.

We also need to remember that the UK conditions access to its market on certain animal welfare requirements. I should highlight the slaughter of animals. In order to import livestock meat into the UK, they have to meet UK slaughter requirements. That is an extraterritorial reach of UK law into, in this case, Australia. That will still be permitted, irrespective of the animal welfare chapter.

There are other aspects. One of my concerns is the interaction of the animal welfare chapter and chapter 26 on good regulatory practice. Chapter 26 requires Australia and the UK to discuss the impact of their current regulation on exporters and importers—the individuals who trade. Through this chapter, it is possible for exporters from Australia to ask Australia to negotiate with the UK to open up some of the existing standards.

I am very concerned about the way that these chapters will interact, more so perhaps than about the dispute settlement. Certainly, none of the food standards, sanitary and phytosanitary, animal welfare or technical barriers to trade chapters have dispute settlement provisions in them. We can see from trade activity in the World Trade Organisation that you can still get change and you can still get disputes settled between various trading partners through activities through these committees that have been created, particularly in the sanitary and phytosanitary chapter. We do have, in the context of the animal welfare chapter, a joint working group that could fulfil the same kinds of functions. I am less worried about the formal dispute settlement than perhaps—

Q107 Dr Hudson: We are going to get on to the joint working group in a subsequent question. Are those all your reservations with the animal welfare chapter?

Professor Smith: I share Louise's concerns about the animal welfare chapter focusing on animals for food production. It should be pointed out as well that it is unlikely to stop imports of animals from Australia into the UK that have been raised on things like feedlots or certain production practices in relation to sheep—mulesing of sheep and things like that. It is not going to stop that.

Q108 Dr Hudson: That is helpful, and leads me to my next question. Many groups and people—myself included, as a veterinary surgeon—have called for core standards to be included in these trade deals in terms of animal welfare and environmental issues. In fact, the Trade and Agriculture Commission called for that, but the Government have not done that, which is disappointing

Fiona, if core standards were in the deal, it would maybe help with some of the debate and the definitions about what we mean by animal welfare.



If core standards had been factored into the deal, how might that work in practice? A lot of people have said it is unworkable and will mean that the trade deal will fall down. Many people believe that is not the case; it is just saying what the red-line products are that we are not happy with coming into this country, and that it should be able to work. How might that work in practice?

Professor Smith: One of the ways you can do it in general—it has been done in the context of the EU-Indonesia free trade deal; there is a mechanism of this kind in that deal—is that tariffs on specific agricultural products can be reduced under the trade deal, but that reduction can be conditioned on certain core standards being met. Those core standards obviously have to be agreed between the two parties. If one objected, then it could not be forced on the other party, but if both agreed, then you could certainly have liberalisation. There could be tariff reductions on specific products subject to meeting core environmental, animal welfare and health and safety requirements. That would be possible.

Just in relation to this specific deal, in terms of whether the UK could pivot and have a core standards approach, there are certain areas of difficulty. The first difficulty is that there is a commitment in the trade of goods chapter that neither party will impose any new tariffs other than the ones that have already been agreed to in this deal. The UK has already committed to reducing tariffs in this deal. There might be a possibility of introducing core standards if the UK can identify these core standards as sanitary and phytosanitary measures or as technical barriers to trade measures. It would very much depend on how they were crafted. If they could come in through those two chapters, yes, we could still do it, even in this trade deal.

Q109 **Dr Hudson:** My final follow-up is a similar question to Robbie's. Does the fact that the UK has not required core standards in this deal prevent it from doing so in future deals?

Professor Smith: No, it does not prevent it from doing it in future deals.

Q110 **Dr Hudson:** We have these trade deals going on in a sort of horserace at the moment. If the New Zealand deal had been out in front, would that have put things on a more even keel in terms of upholding animal welfare and environmental standards, because the New Zealanders are perhaps a bit ahead in terms of the animal welfare practices issues and that side of things? Might it have helped if that particular New Zealand horse were ahead of the Australian horse?

Professor Smith: It is an interesting question. Sarah mentioned that the negotiations are separate. They have separate teams negotiating, so it is not necessarily the case that we would be further on. One thing that is interesting from the documents that have been released so far and the agreement in principle is that there has been a lot more creativity in the New Zealand deal on animal welfare, particularly in relation to indigenous communities, the way that they view the environment and protection of



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those rights. It just shows that in the New Zealand deal, in principle, it is possible to be more creative than in the Australian one.

Q111 **Dr Hudson:** Sarah and Louise, do you have anything to add on the core standards, definitions of animal welfare and so on?

Professor Manning: There are two levels of standards, and there is a public-private partnership here. One is the standards that are set in the trade deals; the other is the specifications in the standards that retailers, food service and people that are producing clothing will set in terms of animal welfare, environment and worker welfare. While the trade deal may set one standard, depending on what market a particular organisation is looking at, there may well be different normative standards.

If I just add one other thing, the real challenge for UK farmers is scrutiny. You can set any standard that you like, but you may be in a country where there are no footpaths that go through your farm. We farm by a village, and footpaths go right the way through our farm. We have scrutiny each and every day about our livestock. To just focus on core standards is not enough. There is incredible scrutiny, both by the public and by a whole range of bodies, on how welfare is practised. Policy as imagined versus policy as practised is really important in this case.

Sarah Baker: What the previous witnesses have said is absolutely spot on. I see the non-regression clause as the starting point. Core standards are the next step, and that will be incredibly important as we go on to negotiate some of these more offensive deals and some of the ones where we will be targeting markets such as with the comprehensive and progressive agreement for trans-Pacific partnership.

We should be rightly proud of our welfare standards here in the UK, and I know farmers are incredibly proud of those. It seems unfair if other trading partners are seen not to be held to the same standard, but we work within a legal framework, as Fiona has outlined, and we cannot dictate to other countries how they produce stuff. By setting a core standard—by putting our house and our stall in order, and our offer to the trading debate—we start that upward trajectory to get to where Louise is aspiring to get to, which is way beyond core standards and developing this issue. It is one of the UK offer's unique selling points. Developing this system of core standards and the level of scrutiny that is required to uphold them is of critical importance going forward.

Dr Hudson: That is really helpful. You are exactly on the money. We are right to be proud of our fantastic UK farmers, who farm to the higher standards. We can be a beacon to the rest of the world on this, and our trade deals can be a way of doing that. Thank you for making that point.

[Neil Parish took the Chair]

Chair: Can I just say good morning to Sarah, Louise and Fiona? I am



sorry I was not in the Chair to start with, but I am sure the Committee was very ably chaired by Barry. I thank Barry very much for that. I was in a debate on Devon farming—you can imagine that a few of my Devon farmers might have thought that I ought to be in on that debate.

On the point, Louise, that you were making, if you look at the population of Australia, most of the population lives on the coast and most farmers farm inland. There is not the same public scrutiny in Australia that there is here; by our very nature, we are a very populated country, and we have quite a high population in most of our rural areas as well, which is quite unusual. We need to make sure not only of what the trade deal is but also that it is properly monitored for the standards that are in it.

We will go to Ian, who will ask the next question.

Q112 **Ian Byrne:** Louise, given that the UK and Australia are already both signatories to the Paris agreement, is there any added value in setting out climate commitments in the FTA?

Professor Manning: I will come to that, but I want to talk more widely about the environment chapter. I was quite disappointed in the environment chapter. It focuses primarily on carbon. Water, water footprint and externalising the water impact of our food consumption in the UK and our textiles and other industries are also really important.

Soil is not mentioned once in the trade deal. While it does not necessarily need to be, when we look at the environment chapters going forward, if we are looking at, as some have said, being a beacon for water management, reduction in pollution and promotion of biodiversity, then we need to make sure that we are thinking about that when we do trade deals in the future.

The carbon element, from what I have read and what I have perceived, is quite high-level. Going forward, there is much work being done, both in Australia and the UK, to look at carbon models and being able to support farmers to sequester carbon. We are quite early still in how we develop those models, so to tie us down too much right now would be a challenge. The environment chapter ought to be more inclusive than air pollution and carbon.

Ian Byrne: That is an excellent answer.

Professor Smith: Just in terms of the environment chapter, it is interesting that it has a dispute settlement mechanism on it. I know a lot has been made of that, and that is welcome. One of the issues I have is how that dispute settlement mechanism is going to work because, when you look at the wording of the chapter, a lot of it is aspirational—Australia and the UK will work together; they will use their best endeavours.

When you get to the Paris agreement climate commitments, the Montreal protocol on the ozone layer and sustainable forestry commitments, where there are already international agreements that Australia and the UK both



signed up to, it is really only those parts where the dispute settlement mechanism in the environment chapter is going to make a lot of difference. It is a really interesting chapter and I am delighted to see it is there, but I will be interested to see exactly what difference this makes going forward.

Sarah Baker: I agree with Fiona. It is a welcome addition to have this chapter in the free trade agreement, and it is a first for a UK free trade agreement. Again, coming back to the previous question, it is very much a line in the sand and may well indicate the direction of travel. In our impact assessments, we look very closely at costs of production and assume product will flow from country A to country B, but the realities of transporting food products huge distances need to be taken into account.

As an evidence-based organisation, this is something that AHDB is looking very closely at, to develop ways to measure this, assess the impact, adjust and compensate accordingly. Are we talking carbon taxes? Are we talking the trade not being based purely on cost, but incorporating other values as well as the relative sustainability? I take the point that we are not just talking carbon here. We are talking about sustainability in the whole of our products compared to lower-cost products from overseas, because there is absolutely no point, from an environmental point of view, importing goods that are going to cause more harm to the planet in the long term than it would to produce them here at home.

Q113 **Ian Byrne:** Sarah, I will stay with you for the second part of the question, because you have touched on carbon. Does this FTA constrain the UK in other areas of trade and climate policy, such as the potential introduction of border carbon adjustment measures, given that Australia opposes such measures?

Sarah Baker: That is a long road to travel. Given the level of interest in environmental issues and the crisis that climate change is taking us to—recent weather events may be an indication of that—it is almost inevitable that we will start to drill down into some of these issues, however challenging and difficult they are. The issues at the moment are around accurately measuring. We cannot ignore the issue. We have to look at it. We have to be creative, pragmatic and diplomatic, and we have to find a solution to this, because it is absolutely massive. It is hugely welcome that it is within the free trade agreement, and it is a sign of the direction of travel.

Yes, of course, there will be objections to it. It is not going to be a rollover or an easy win, but the direction of travel is something that we need to keep an eye on. Again, one of the UK's strengths is in our story about our livestock production and the overall sustainability. If we can start putting some facts, evidence and figures behind that, we have a very positive story, combined with the animal welfare that I have mentioned previously, to talk to potential customers around the globe. That is definitely a strength of the UK producers.



Professor Manning: There is a real challenge with UK farmers right now, and carbon and carbon taxes, in that many farmers have been involved and received public money for sequestering carbon through the countryside stewardship and the higher-level stewardship scheme. They receive Government funding to do it, but because they already have high levels of carbon in their soil, they will not be able to access some of the carbon trading because they have no additional capacity to sequester carbon.

We also have to think about the fact that we already have a two-tier food system. We have the food system that we see in the major retailers and major food service, and then we have the food that other people eat. I say that in the sense that it is hidden, and we have a real challenge right now with hunger and food insecurity in the UK. Look at the definition of food insecurity rather than food security. Whether you are food-secure or not is binary; you have levels of food insecurity that go from worrying about food to missing the odd meal to not knowing where the next meal is coming from. That is defined in an international definition.

We have to be very certain about whatever we implement. While there are benefits to a new industry in carbon trading and you see that as a potential in a trade deal, we have communities that will be severely disadvantaged if we increase the cost of food and are severely disadvantaged right now. We have to consider it in the whole.

Ian Byrne: That is an excellent answer; it is really good.

Professor Smith: I do not really have anything to add, apart from that we are in a very early stage of developing carbon border adjustment mechanisms, and the legality of these measures in the World Trade Organisation rules and these trade agreements is still at a very early stage. There are provisions in the environment chapter to allow continuing technical discussions on this issue between the UK and Australia, and that is really welcome.

Q114 **Barry Gardiner:** I was delighted by what Professor Manning was saying about soils and water, and I am sure I saw you nodding vigorously at the same time. In the light of that, it is always helpful if our witnesses can make recommendations to us as to what our recommendations to Government in our report should be, so that we know what to include in that. I wondered if you thought, in the light of the general agreement among the witnesses, Professor Manning, that it would be a good recommendation to ask the Government to expand the scope of future environment chapters so that they did not deal simply with air quality and/or air pollution and climate change, but with soils, water and other aspects of environmental considerations.

Professor Manning: That is really important, not only in terms of us trading off our level of food security for impact in terms of pollution and water extraction elsewhere in the world, but also with some of the countries that we are due to trade with soon. Australia is very aware of



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the water issues on the Murray-Darling basin. It is very aware of the rice growers and the impact in that ecosystem, and it is seeking to put measures in place. There are many other areas of the world where depletion of water resources is not being addressed. As we enter into trade deals, it is really important that, if farmers in the UK are quite rightly being required to consider all of those aspects, we look to agricultural production, biofuel production and textile production also being required to do that as part of a trade deal.

Q115 Barry Gardiner: Perhaps marine management needs to be taken into consideration as well with various coastal states.

Professor Manning: Yes, absolutely. I would have to go back through it, but I did not see anything in the trade deal on blue carbon. Blue carbon has huge opportunities for sequestering carbon. For coastal communities there is the potential for innovative businesses to start looking at blue carbon, both in the UK and around the world. That is something we also have to think about.

Q116 Barry Gardiner: There is also illegal, unregulated and unreported fishing.

Professor Manning: Yes, absolutely.

Barry Gardiner: Great. I am sure the Clerks have taken note and we can incorporate that in our recommendations. Thanks very much.

Q117 Chair: Most of the next question is on the environment chapter, which we have talked about. In parts of Australia the soils are becoming much more saline and they are having real problems. This issue of the water that we are importing when we import the food is significant. We have talked quite a bit about it, but even at this late stage, is there more that we can do?

Australia is an interesting country, because they are exporting so much coal to China when they are on good terms with China, and they are finding it very difficult to sign up to a lot of the environmental agreements at COP. It is really about how we incorporate what they are doing with their soils and their seas around this situation over coal. I know I am widening it, but what is your view on the situation regarding the soils drying out and becoming more salt?

Professor Manning: That is a problem not only in Australia but all around the world. In parts of Europe, seawater intrusion into groundwater will mean that very soon we will not be able to grow certain horticulture in those areas—in Spain, for example. The Government have to recognise it as part of the Agriculture Act when they do their five-year food security review. Should it be in the trade deal or should it be in the five-year strategic food security review? While you may have a series of proposals in the trade deal or high-level agreements, it is in that food security review where we really have to think about what the water



footprint issues are and what environmental issues we are externalising by entering into certain agreements.

Q118 **Chair:** You raise a really good point. In the debate I took part in this morning, we were talking about having enough supply of food and enough supply of the foods that we can actually grow here, and that is a situation that we need to make clear, not only with a trade deal but when we look at security of food supply and people's ability to afford the food. You quite rightly raise that point. Of course, there is also the point, in answer to Ian's question, that we have to be careful with environmental taxes; if we put too many on, we are going to make the product very expensive. This is a conundrum that all political parties are going to have to sort out, are we not?

Professor Manning: Could I just come back on that? The one area where we could take action is food loss and food waste. We could address food loss and whole crop harvesting and look for alternative means. Again, with the food security assessment and the infrastructure in the UK, looking at how we waste fewer nutrients that we have already grown is really important. That is an area where we can take action and we can address getting more food that is grown to the people who need it.

Q119 **Chair:** Because of the additional environmental issues, should this be an area where we require action in return for market access, or an area for co-operation but not limited to market access? How do we deal with that?

Professor Manning: I say it is an area of agreement, because if you look at the major transnational corporations—the Nestlés, Tesco's and Walmarts of this world—they are looking very closely at the standards they are driving. Again, it comes back to that public-private co-operation. Working with corporations on how they are cascading down environmental standards is important too.

Q120 **Chair:** Yes, because we talk a lot at the moment about carbon credits and all sorts of things, and at the moment they just seem to be money that flows around the City, as far as I can see, rather than actually being developed into how we look after the environment and how we grow crops. I know that is probably more difficult to incorporate into a trade deal, but it is all part and parcel of the way forward, is it not?

Professor Manning: There are a numbers of ways. Technology may still be introduced that can sequester carbon on a major scale that has nothing to do with land use, so we cannot rule that out. There are lots of people involved in the carbon sector for a whole range of interests. We need to have some standard and a common understanding of what we recognise as carbon.

Q121 **Chair:** What worries me with the carbon credits is that, yes, they are a tax and they are raising money, but they are not necessarily actually doing much for the environment. That is where we need to be much cleverer than we are at the moment. Hopefully we can measure this and develop it as we go forward.



Professor Manning: My other concern is, looking at the floods that we have right now, a farmer could enter into a carbon agreement and through no fault of their own they could lose carbon, if it gets washed away in a flood. If they are in a market and the market is higher, they are going to have to give money back to that carbon market, and that creates a huge vulnerability for farmers, especially when there are natural events beyond their control. Their crop just fails.

Chair: That is a very interesting point, but we had better not go too deeply in that this morning because we will not talk about anything else.

Q122 **Barry Gardiner:** There are various barriers to trade and certainly this free trade agreement has been effective in reducing the tariff barriers. Do you think it has been equally effective or ambitious in reducing the regulatory barriers to trade? It is really a question for Professor Smith.

Professor Smith: What is interesting about the non-tariff barriers, which we think about in terms of food safety and animal health rather than welfare, is that the consensus view is that this trade agreement does not touch those, so the UK standards are untouched by the food safety rules and animal health rules in this chapter.

My concern, as I have raised already, is the relationship between the sanitary and phytosanitary chapter, the technical barriers to trade chapter and this idea of regulatory co-operation and good regulatory practice, which is contained in chapters 26 and 27 of the agreement, and the commitment between the UK and Australia to evaluate the existing non-tariff measures in place with a possibility of trying to come to some form of agreement to avoid duplication, which is very welcome. That would reduce costs of trade between the two countries. That is very welcome. What is more problematic, particularly from the UK point of view given some of its restrictions on things like imports of hormone-treated beef, which is very relevant for this trade agreement—

Chair: We are about to go on to that.

Professor Smith: Right, I will leave that for now.

So it looks like it is untouched. There has been some uncertainty as to whether the UK is trying to claw more power, above the baseline requirements of the World Trade Organisation rules on sanitary and phytosanitary measures. There is a requirement in the SPS chapter that each country treats the food safety, animal health and plant health measures as equivalent to each other's, and there are quite rigid WTO rules about exactly how that equivalence is measured, but the WTO agreement does not say that the final decision on whether a measure is equivalent or not rests with the importing country, whereas the SPS chapter does go on and say that. There has been some uncertainty about whether the UK is trying to obtain greater power. I do not think that is the case, but it is something that the Committee should be aware of.



Q123 Barry Gardiner: Let me put this to you. At the moment the Australians allow un-heat-treated pork in only from Canada and perhaps New Zealand as well. That is a regulatory barrier to trade. It is an SPS barrier to trade, which presumably our farmers would also seek to be able to do away with. Is there any hope that there might be the ability to do that on the SPS Committee? Has SPS been treated seriously enough on the whole in the free trade agreement that has been drawn up?

Chair: The only thing I would say there, Barry, is that pork and chicken are not part of the deal with Australia. They have been taken out—at the moment, anyway. Who wants to answer that? Sorry; we are having a little discussion ourselves. Who wants to come in on Barry's point?

Professor Manning: I am happy to come in. It is really important to reflect on the fact that our food safety legislation when we were in the EU was based on the precautionary principle of food being unsafe until we prove it is safe. When we undertake trade deals with a range of countries, some of them also follow in their regulation that precautionary principle. Others follow a product liability principle: the food is safe until it kills someone. It is really important that when we are negotiating these deals we are very clear on whether the food safety legislation in a given country we are developing a trade deal with is based on the precautionary principle or on product liability, because that will present a different risk to UK consumers.

To give you an example, at the moment there is a global recall for baby formula powder from the US. I have been monitoring the recall and the countries that it is affecting over the last 10 days. We have a whole range of global foods. I could list others from other countries. We already have a global food supply chain, but the individual laws in those countries and whether they are based on the precautionary principle or product liability is really important, and that is something we have to recognise in trade deals.

Q124 Barry Gardiner: I just want to pick up on what you said, Chair, and get the views of our witnesses. In our previous session, Peter Hardwick from the British Meat Processors Association said that he thought the UK Government had missed a trick in the opportunity to reduce the regulatory barriers facing pork products exported to Australia. The question here is whether we can use the SPS Committee as a way of trying to put that in place. Is there a possibility that the SPS Committee could enable us to get agreements that we can export in there, or is that barrier to trade going to persist? I do not know which of our witnesses wishes to venture into the pork meat question.

Professor Smith: I am not going to touch the pork meat question, but I can talk about the power of the committee. Certainly, there is an express provision within the power of the committee in the chapter on SPS that does allow for the development of new agreements, so it is possible that an agreement on pork and pork requirements could be negotiated separately. That would then add to the existing commitments.



Barry Gardiner: Can I just say that this was a question that was originally intended for Emily Rees, who, as we said at the beginning, is not able to be with us? Thank you for trying to step into the breach and answer in her absence.

Q125 **Kirsty Blackman:** On the precautionary principle and product liability, when you have countries that are operating on different principles, is it possible to have an equivalence system? Can you come to an arrangement or outcome on equivalence when it seems like these are really quite diametrically opposed principles?

Professor Manning: The transnational corporations that operate in multiple countries are an example of where they have produced one standard for their customers, irrespective of the legislation. If they are operating factories in 20 or 30 countries, they develop their own standard, and that standard may be equivalent to some of the countries that are importing food, but may be much higher than the countries where they are producing home food.

If you look at some of our global food businesses, they are already doing that. They are having to look at the laboratories that are testing food and whether they have recognised or registered standards to say, "There is salmonella in this food" or "There is lead in this food". They are having to work across all those areas and seeking to assure the safety of the products that they import into the UK.

Q126 **Robbie Moore:** As we know, SPS chapters of free trade agreements concern plant, animal and human health regulation, and they give us the ability to address border controls and regulatory risk assessments to ensure that agri-food products moving between parties and between countries are safe, but the UK Government have exempted the entire SPS chapter from the dispute settlement in the free trade agreements with Japan and now Australia. It seems to be a growing, emerging UK strategy. I was just wondering what the panel's opinion is. Do you see that this is a good strategy that we should be adopting in free trade agreements?

Professor Smith: It is an interesting strategy. I would be very interested to hear more about why that decision was taken. If you look at the freestanding dispute settlement chapter itself, it talks about both countries' right to choose whether to bring a dispute under the various dispute settlement mechanisms within the free trade agreement or whether to go straight to the World Trade Organisation and use its dispute settlement mechanism instead. If Australia and the UK were to go to the WTO, they would not litigate this specific agreement, but they would talk about the particular SPS restriction that they are interested in.

In a way, when we have these exemptions in the trade agreement that say, "This cannot go to dispute settlement", all it really means is it cannot go to dispute settlement in this agreement. It is not that there is no dispute settlement at all of any kind.



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In terms of what the impact is, the UK is vulnerable in terms of some of its SPS measures. I have already mentioned the hormone-treated beef ban. That is not a restriction that is compatible with World Trade Organisation rules. Chlorine-washed chicken is not something that is relevant to this trade agreement, but again is something that potentially is vulnerable under WTO rules. Perhaps this strategy not to have this particular chapter or even the TBT chapter going to formal dispute settlement under the trade agreement is because the UK is very aware of the vulnerability of some of its standards in international trade law in the WTO. Perhaps it explains that, but I do not have any further insights.

Q127 Robbie Moore: Sarah, I saw you nodding. Could I come to you next and ask the same question?

Sarah Baker: I agree with a lot of what Fiona said. The fact that there is not a dispute settlement mechanism in the FTA does not mean there is not a dispute settlement process. There is—and a very effective one, at the WTO. Again, AHDB has worked very closely with the WTO to really understand how that system works.

As Fiona has mentioned, for things like hormone-treated beef, the WTO will go on a science-based approach and we adopt the precautionary approach, as has been mentioned. It is still rumbling on, but so far the process has said that we do not have a reason to keep hormone-treated beef out of the UK.

Chair: You are going on to beef. I am trying to keep that for the next question, so we must not stray on to beef.

Sarah Baker: Sorry—I will stay away from beef. Whatever the WTO rules, it does not mean that you have to take the product at that point. It means that if you do decide to keep that product out, you have to offer some sort of compensatory TRQ in return. To me, it is a very pragmatic approach to keep the SPS out of that trade deal because of the complexity and because of the slightly different stance that we take here in the UK. I agree totally with what Fiona said.

Q128 Robbie Moore: Louise, the same question to you: does the UK strategy concern you?

Professor Manning: This is a macro-level agreement. What sits under this is all the businesses that will operate with each other and agree a whole set of standards based on what their customers require. If you make this too tight at the top, it stops businesses being innovative in terms of the range of products that they are importing.

Looking at the sanitary and phytosanitary measures chapter itself, I was quite surprised that there was nothing on CITES and wild animals. Especially with concerns over human health, you would think that in future trade deals there would be something specifically talking about the often illegal trade in wild animals. It is something that ought to be



covered, if not in the sanitary and phytosanitary chapter, somewhere in the trade deal.

What is also interesting in these two chapters is that they talk about paperless trade, but they do not talk about the vast digitisation of agriculture. Australia, as it is very export-focused, has invested significantly in real-time data in its supply chains. I would argue that that is giving it a competitive advantage. If we are looking at frictionless borders, wherever those borders are, it is really important to consider in trade deals those digital systems and how we will undertake surveillance on food arriving in the UK at the port health authority level, because we can be very innovative. The Food Standards Agency has been doing a lot of work on strategic surveillance and the data and the signals that they can use for signals on imported food. That is something we ought to think about with the trade deals going forward.

Professor Smith: Chapter 14 of the trade deal does discuss digital trade and addresses some of the concerns Louise raised.

Chair: Those were interesting points. I very much welcome Anthony Mangnall. He is from the International Trade Committee and he has been in the debate on Devon farming this morning. He is very much a Devon MP. I welcome him here, because I have guested several times at the International Trade Committee, so it is nice to have him back here with us. He wanted to ask a supplementary on this.

Anthony Mangnall: I did. Forgive me for arriving late.

Chair: We do just about forgive you.

Q129 **Anthony Mangnall:** Thank you very much, Chair; that is very good of you. First, Australia and Japan are both signatories to CITES anyway. It is not necessarily relevant to announce every document that they have signed in a free trade agreement; otherwise, we are just wasting space in what is already a very long, 2,000-page document, which I am halfway through. I suspect you are all much further through it than I am.

To the point that Fiona was making, given that the UK Government's intention is to secure free trade agreements covering 80% of UK trade within the next three years, are we not already covered? It is not about WTO standards when it comes to SPS standards, because we are covered by our own domestic law and, in terms of what we are signing with Australia, they are aware of our own domestic law having a role to play in this. I put that to Fiona and Sarah, because they are the two who were speaking about it when I came in.

Professor Smith: Could you just repeat the question?

Anthony Mangnall: You made the point about SPS standards and the role of the WTO on this. I am asking: if the UK's ambition is to cover 80% of UK trade with free trade agreements, how relevant is the WTO in this instance?



Professor Smith: The WTO rules provide the baseline and any trade agreement is a faster liberalisation or a commitment on issues that are outside the WTO, so it is very relevant. What we have seen in previous non-UK trade agreements is that if countries do not feel that the trade agreement they have entered into is being suitably enforced within the mechanism, they will take the dispute to the WTO, so it is very relevant.

Q130 **Anthony Mangnall:** I totally agree with you on those points, but that is the problem. The dispute mechanism in the WTO is the thing that ridicules the whole organisation in its first instance. If the dispute mechanism does not work, it is no good us saying that our SPS standards go back to the WTO. They either have to be included in the free trade agreements—I accept that they are not written into the Australia agreement as largely as we would like—or we have to look at our own bilateral arrangements to be able to figure out how these work, and there are dispute mechanisms within the Australia free trade agreement.

Professor Smith: First of all, I disagree that the WTO's dispute settlement mechanism is not working. That is not true. The appellate body mechanism—the appeal mechanism—in the WTO is not working, but there are innovative solutions to the appeal mechanism. The panel mechanism is still working fine and reducing disputes. There are delays. That is true, but it is working.

The other thing I would point out is that the SPS Committee in the WTO is far more active than the dispute mechanism ever was. There are decisions coming out of that committee, particularly on equivalence, that have been really important. A lot of disputes are settled informally through that committee, so it is still very relevant going forward. It provides a useful platform in terms of the trade agreements. There are committees within the UK-Australia trade deal that could fulfil the same kind of function as the WTO SPS Committee.

Q131 **Kirsty Blackman:** All of you have touched on this, so let us start with Fiona. Is the system of import checks and controls that we have, particularly in relation to hormone-treated beef but also looking more widely at other SPS requirements for beef and other things, going to work? Is it adequate? Does it provide enough checks to ensure that the SPS standards are being met?

Professor Smith: One of the issues going forward will be about who has responsibility for determining that UK standards are met. Will the UK have the opportunity to go and check the standards, particularly in Australian slaughterhouses—that the slaughter requirements are being met and that the standards for the food coming in from Australia and going the other way are met? It seems that the trade agreement shares responsibility between Australia and the UK for checking that the requirements are met, but certainly as far as I can see in terms of the slaughter requirements, it will be up to Australia to check that those requirements are being met.



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One of my concerns is that there is no CCTV in slaughterhouses in Australia, so the reality of how Australia is going to check that the UK standards are being met, including whether we get hormone-treated beef or not, is something to watch going forward.

Q132 **Kirsty Blackman:** Sarah, do you want to add to that? You were coming on to hormone-treated beef as well.

Sarah Baker: It is much talked about and we do touch on it in our report. It makes headlines, so it is sometimes overemphasised in the public domain, but it is well understood that we do not accept hormone-treated beef. You were speaking earlier about Australia understanding the UK standards, and it does fully understand that. They are already able to produce, for a number of their customers, non-hormone-treated beef.

Q133 **Chair:** Louise, the issue for me is whether we are actually going to do any physical checks on any of that beef that comes in to see whether it has any hormones in it. I think we can trust the Australians, but you cannot be 100% sure of that. Are there any plans to do anything on any of these actual physical checks—not just paperwork checks but physical checks?

Professor Manning: I want to come back to Anthony's point, if I may, because I obviously was not articulate enough in my response. My concern is illegal and illicit meat trade, how we define that and how we identify the loopholes in the system. There is organised crime across the world that not only traffics people, guns and drugs, but food as well. They are highly organised organisations. What we need to make sure in our trade deals is that we are clear where there is a sanitary and phytosanitary issue on illicit trade. Any of the farmers listening to this will be very concerned if illegal meat or illicit animal products are brought into this country that have a disease risk, which could then cause the equivalent of foot and mouth. If you lived through foot and mouth in 2001, you never want to live through that again.

What is important is we already have a negative system. We do not test everything that comes into the UK. If you were to look at the RASFF risk assessment in the EU, you would find there are multiple products being recalled every single day. We cannot have a zero-risk system and we always run the risk of a compliance system not having integrity.

Q134 **Kirsty Blackman:** Just on that, if we are going to be having more imported meat that is not coming from the EU, because we are not in the EU any more, do you think we are going to need to spend more money on doing import checks, in order to ensure that products are meeting the standards that we have? It may not even be for this panel, but where is the money going to come from in order to fund those checks? Where are the people going to come from? Are the UK Government going to be doing them? Who is going to be funding that? Do you have any ideas? Louise, you look keen.



Professor Manning: There will not be any checks. We already allow Polish chicken in from the EU that contains salmonella. We have had salmonella outbreaks in the last 12 months associated with Polish chicken, and we continue to bring that product into the country and we say, "Please cook it properly." That has been the response: "Cook the chicken nuggets properly."

We have a real challenge with the fact that there is no money to test the food and it is always done retrospectively. We know which products are high risk if it has happened before. Our real concern is a black swan. We have a huge problem across Europe with ethylene oxide in a whole range of plant-based products and gums, and that was something that nobody had ever looked at before. There have been multiple product recalls. It is really important to say we will not be testing at the borders because we cannot afford it. We follow assurance rather than product testing.

Chair: That is good evidence.

Q135 **Kirsty Blackman:** Basically, we work on the basis of the precautionary principle for the farmers that we have here who are producing things, but not for what we are importing, because we are not actually checking stuff adequately?

Professor Manning: When we were in the European Union, EFSA would have a whole range of risk assessments. If I pick sesame seeds, for example, they will identify that there is a salmonella issue in sesame seeds from some countries. If we were to do that in the UK, we would then increase the inspection. We might go from 20% of products coming in to 50%.

The responsibility lies with the businesses that are importing those products. They will develop a food safety management plan, which will have verification: "Do you have a certificate that someone has audited your business? Can you send us an up-to-date certificate?" They may also do routine sampling. That is another example of a private-public governance system.

The UK has changed the regulation to be risk-based regulation rather than one-size-fits-all. As we go forward, how we combine business information and regulatory information is really important. That comes back to my previous point about digital food systems. We have a great opportunity, with certain caveats, to be able to share information, so that we do not rely on testing a product when it comes to our border.

Q136 **Kirsty Blackman:** What you are saying is that in reality there is a differential system of regulation and of expectations on stuff that is produced here compared to stuff that is produced elsewhere, because we cannot say for definite, "This is not hormone-treated beef," for example.

Professor Manning: The cost of the test for hormone-treated beef is significant. There is a real problem with fish fraud across the world; if we were to DNA test one in 10 fish and chip products, people would not be



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able to buy it. There is always this trade-off between the amount of assessment we are doing and the amount of trust in the supply chain. For many of our supply chains, our consumers can trust that they are trustworthy, but some of the things I have just been talking about are part of that slightly greyer untrustworthiness challenge that we have.

Q137 Barry Gardiner: Would our witnesses like to see the Committee recommending to the Government that there should be a tightening of the checks for imports coming into the country, in both the public and the private sector, so that there is that joint working that, Professor Manning, you spoke about?

Professor Manning: It is not about the checks. It is about enabling the Food Standards Agency, Food Standards Scotland and others to have excellent strategic surveillance and an early warning system that is based on data.

Q138 Chair: We should keep a risk-based system but make sure it is more active, basically.

Professor Manning: Yes.

Q139 Dr Hudson: We talked about some of the severe limitations of the trade deal not having core animal welfare and environmental standards. One of the compromises in the deal, as a solution, is that it has a joint working group on animal welfare and environmental issues. Can you just give us a candid thought as to how useful these discussion fora will be in potentially driving up animal welfare and environmental standards in our trading partners? How useful will this working group be? Fiona, do you want to kick off with that?

Chair: Fiona, you moved your head. It is always fatal to move your head. It is like in an auction. Never move, whatever you do. Somebody will take a bid from you. Over to you, please.

Professor Smith: As long as I have not bought anything, that is great. A lot of it depends on the willingness of the two countries to use these fora. I talked about the WTO SPS Committee. The WTO has a whole series of committees to support its various agreements. Only some of them are active. The SPS Committee is very active. It depends on who sits on those committees, the political remit they are given and the political will to use them. They have a huge potential, but it depends on the politics.

Professor Manning: We highlighted at the beginning that with this particular trade deal, the growth to GDP is relatively small, and where there are benefits, they will be for certain specific communities or industries. Inclusive growth is really an important aspect of how we look at animal welfare and the environment when we are looking at this committee and developing the scope. We must ensure that we take all the communities in the UK with us if we are amending or raising standards, and that some communities are not disadvantaged in being



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able to access nutritious food because of the standards that we introduce and the cost implication.

Sarah Baker: I see these committees as a significant opportunity, I really do—provided, as Fiona said, that the will is there. They are twofold, aren't they? They are, first of all, scrutinising this deal and pushing standards forward—what is in the deal is the line in the sand—but, probably more importantly, participation in those committees and the understanding of the issues can be taken forward into future trade negotiations.

Q140 **Dr Hudson:** Fiona, you mentioned that if there is a will, there is a way. Are you aware of examples of similar types of bodies having success in driving up standards? I am aware that when the EU was negotiating with Chile on trade agreements, it was able to stipulate improvements to animal welfare standards at slaughter. That is where we have perhaps missed a trick with this particular trade deal in defining the standards that we want, but we now have this discussion forum. Are you aware of examples of these sorts of fora working? Can you give us examples? What should the Government be trying to achieve through this?

Professor Smith: I cannot give you examples, I am afraid.

Q141 **Dr Hudson:** What should the Government be trying to do to get results?

Professor Smith: It is an achievement to get this animal welfare chapter in a trade agreement with Australia at all. The ambition was always going to be low in terms of specifying exactly what could be done in the chapter. I would be targeting specific areas of animal welfare that are of concern. Louise has already mentioned food as by-product, particularly in relation to the mulesing of sheep. That would be my suggestion.

Q142 **Dr Hudson:** Yes, New Zealand has banned that. We have talked about mulesing in sheep. If we are saying this is global Britain trying to be a beacon to the rest of the world on animal welfare standards, can we effectively drive up standards with a working group like this, or do we need to be a bit stronger in our trade negotiations and stipulate it, rather than having discussion fora?

Chair: You are leading the witnesses, but you are right.

Professor Manning: Standards are toothless without scrutiny. We can agree all the standards we like in the world, but if there is an inability to scrutinise and to verify that those standards are in place, they just sit in a trade deal.

Professor Smith: We have to start somewhere and, yes, they do sit in the trade agreement, but it is a start.

Dr Hudson: We have to start somewhere, but I think we lacked ambition and teeth in this negotiation. We have settled for something that is disappointing and challenging for our own market and our own UK



farmers.

- Q143 **Anthony Mangnall:** Building on what my colleague has just been talking about, I wonder whether any of you want to make a quick comment about the specialised trade committees outlined in the trade and cooperation agreement that we signed with the EU and whether that is the correct forum to discuss and enhance certain issues around agriculture and services. We have seen it work in terms of the specialised committee on fisheries, which has helped to develop the policy quite significantly between the EU and the UK. Does anyone want to make a quick comment on that? Or you could rule it out by saying it has no relevance at all.

Professor Manning: It depends on whether you are focusing on policy as imagined or policy as done. Some of those committees have an opportunity to develop policy as imagined, but we also have policy as done, and the two are quite separate. If it is your scope to look at policy as imagined, they have a basis; if you are looking at on-the-ground implementation, you need other mechanisms as well.

- Q144 **Anthony Mangnall:** Yes, absolutely. Given that trade deals are not static but evolve over time—the weak bits are more often than not cut out and the strong bits enhanced—it is an unfortunate combination just to add to the complexity of the work. Anyway, I am particularly interested in that.

Sarah, do you think that any trade-offs have been made by the Department for International Trade in getting the Australia trade agreement over the line, specifically around agriculture? If so, what are they?

Sarah Baker: It is a really interesting question. It is inevitable when you look at the overall economy. We know that, while agriculture is over 70% of land use, it is less than 2% of GDP. Therefore, the needs of our industry may well be sacrificed for more glittering prizes, if you like, which was always a concern for AHDB and for others in the agricultural industry.

The lobbying organisations have done a good job, but, going forward, I would be very keen to see more participation from those stakeholders at the negotiation stage. We should bring in the expertise of AHDB and the other key stakeholders in order to inform the debate, to make sure that, while we have to be realistic—it is a full and comprehensive free trade agreement, not just an agricultural free trade agreement—we highlight the very real issues in farming, because they are beyond the economy. That position in GDP can be misleading. Food is fundamental culturally. It is an essential good. It is important environmentally.

- Q145 **Anthony Mangnall:** Can I just push you? Is there a specific example of a trade-off and where it has come from? I appreciate the answer you have just given, but when I posed the same question to the lead negotiators of the Australia trade agreement, they said there were no trade-offs. I would not have expected them to say anything else, but I



am interested. In your view, with your expertise in this and with the Trade and Agriculture Commission, are we going to start seeing, "Here is where we traded off"? Was it on standards? Was it on tariff rate quotas? Was it on fertilisers? The EFRA Committee has much better in-depth knowledge than I have on this, but it is helpful from my point of view on the International Trade Committee, and I presume for this Committee, to have an understanding of what the actual trade-offs were.

Sarah Baker: It is important that AHDB stays apolitical and out of that sort of commentary, if that is okay, so I will recuse myself from that question.

Anthony Mangnall: That is very diplomatic. I am not sure it is political, but I see Louise with her hand up.

Professor Manning: On page 9 of the Department for International Trade's risk assessment, it very clearly identifies the winners and losers regionally for this particular trade deal. That is really important going forward, because the headline GDP, or the headline data, masks the impact on communities across the UK.

Australia has a lot of mineral resources that we would like access to, especially if we are going to deliver net zero and the green agenda. It will always be a challenge for agriculture that there are a whole range of political priorities and food may not be one of them.

Q146 **Anthony Mangnall:** That is a very helpful answer. I have just come from a debate that the Chair was at as well. We were talking about food and farming in Devon and Cornwall, but we were also asking about what the export potential for UK food and drink could be and what role free trade agreements might have in that.

Professor Manning: Could I just come back in? This is really important. The risk assessment talks about country of origin and the fact that we will be able to declare the country of origin as the UK even if the ingredients are not from the UK. That is really important for UK farmers to consider.

Q147 **Anthony Mangnall:** This is where labelling comes in and, clearly, there is a larger body of work that is going on about that. The complexity of labelling is enormous. I agree with you; it is a big issue, but presumably labelling is one potential solution down the line in that area.

Professor Manning: It would be labelled as UK produce.

Q148 **Anthony Mangnall:** DEFRA is consulting, is it not? I may be wrong, but is DEFRA not consulting on whether to widen the remit of the labelling system? As it is, that is how it would be, but what they may end up consulting on might expand the labelling system—either for better or for worse, but one hopes for better.

Sarah, we have the free trade agreement; it has not come before Parliament yet, but it is due to in due course. What do you think the benefits are for UK producers? In terms of other countries that have done



free trade agreements, especially around agriculture, what are the lessons that we might have learned from those countries and those free trade agreements?

Sarah Baker: The opportunities for UK producers in this particular deal probably sit within the dairy sector, according to our analysis. Australia is a net importer of cheese. We have chosen cheese as the product to model and we see some opportunities there.

The really important one, in my opinion, is that the agreements with Australia and New Zealand pave the way to UK accession to the comprehensive and progressive agreement for trans-Pacific partnership. That, to me, is the major opportunity. If we think about that region and think about the fact that by 2030 two thirds of the middle classes will be in Asia, there will be a driving demand for those high-quality products and the provenance that we have spoken about. The qualities that are highly prized in those regions are exactly the qualities that UK production possesses in meat and dairy.

That region will dominate trade patterns, and access to these markets will be absolutely crucial for the UK as it pursues its goal to become this great trading nation. I cannot emphasise enough the opportunity that CPTPP presents, and I see Australia and New Zealand as a gateway to that. I see no direct benefits, or perhaps just a small benefit, in the dairy sector, but I see the overall direction of travel as what we should be aiming for. We should be absolutely focused on that opportunity.

Q149 **Anthony Mangnall:** I have just one supplementary. I should probably declare my interest, because I have just written a report on CPTPP, the benefits to the UK and the geopolitical impact as well, which is possibly worth your reading—or it will send you to sleep.

Sarah Baker: Please do send it.

Anthony Mangnall: I just wonder whether you have seen the impact and the benefits to the agriculture sector in Australia and New Zealand of those countries being members of CPTPP, and an increased export market for their agricultural produce.

Sarah Baker: The fact that they are members impacts on the likelihood of their sending product to the UK, because, again, in the markets within CPTPP there is rapidly growing demand and higher prices than the UK market. Yes, they have benefited, but the rate of growth and the rate of the expansion of the middle class does not mean that there is not space for other players as well. I think that is where the UK comes into it. It does not crowd us out of that market; there is definitely space for all producers to operate.

Q150 **Chair:** I imagine in the dairy sector you are looking at the high-end cheese market, are you, in particularly tasty cheeses? Australia is going to be able to produce what I call commodity cheese probably a lot cheaper than we can, but I imagine it is going for the high-end market,



isn't it?

Sarah Baker: Again, if you look at cost, that is very true. You have to look at the relative cost of the UK product, and I would expect the demand, because of that price differential, will be in the higher-quality UK product, not in the mass-produced.

Q151 **Barry Gardiner:** Our market is going through an extraordinary period of change as we move to the environmental land management system, away from basic payments. Do you think there are opportunities now to use the new domestic policies that we will have around environmental land management to help the sector respond to the new trade deals?

Sarah Baker: Again, this is an area where AHDB has done a considerable amount of work. We have done very intense scrutiny, again with Harper Adams University, of the new environmental land management scheme. We started with the sustainable farming incentive, because that is the first off the blocks, and we have done a qualitative study to look at farmers' attitudes towards these new schemes.

We have also done a quantitative study. We have built comprehensive representative model farms. They are not top performers; they are average farms in geographical locations and we have constructed them using the international benchmarking protocol, so they are truly representative of the sector. What it says—this really needs to be understood by the sector—is that these payments under SFI should not be regarded as an addition to your top line. There are actions that need to be undertaken in order to benefit from these payments, and often the costs of participating, depending on where you are starting from, can exceed the payment for participation. It varies. Our results will be out by the end of March, but I am quite willing to send you our draft results.

From what we can see, if farmers are already participating in environmental land management schemes and already doing some of the undertakings required under SFI, they will benefit the most, which begs the question of what additionality you are getting in terms of environmental public good from these schemes, if it is only going to benefit people who are already doing it.

With regard to the opportunity, the only thing I would say, which Nick von Westenholz mentioned in his evidence at the last session, is that if you think about what happened in Australia and how they transformed to this agricultural exporting powerhouse, part of that was policy change. They now have one of the lowest producer support estimates, as measured by the OECD, across the globe. That has not been without pain, but basically the support for agriculture in Australia has been taken away. They have had to get better, they have had to get more efficient, they have had to be more proactive in their risk management and they have had to look at markets to really understand the markets globally and really understand the requirements of those markets and where they can maximise the value of the carcass.



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I do not underestimate the pain that will come from the transition period, because, particularly in grazing livestock, the dependence on those direct payments and the proportion that those payments make up of your farm business income is in the high 90s per cent. I am not underestimating the challenge, but if there is any benefit, it is going to be towards driving those changes.

One of the things that has come out of our analysis has been that a lot of farmers, even though we are in the transition period now, are still in the “wait and see” box. My concern, trying to think about this from the farmers’ point of view, is that the relatively high market prices last year almost masked that initial reduction in direct payments. We only had quite a small reduction in year one. Farmers have to be looking at their business now and have to be looking at how they are mitigating that loss of income.

In questioning that, farmers are looking at various options: diversification, increasing efficiency, off-farm income, either expanding or contracting their enterprises, or switching enterprises. It is really important that they look closely at the business and work out what it means without direct payments, because in two years it is going to be 50% of what they were paid in 2020, and four years after that it is going to be gone completely. That is not a long time. We have spoken about time lags in agricultural production, and that is not a long time.

Q152 Barry Gardiner: Indeed. Can I just pick up on the question that you posed about additionality? Again, thinking about recommendations that this Committee can make to the Government, should we be pointing out what you said about ensuring that environmental land management payments are good value for money, that there is real additional benefit and that public money is not being expended for, in effect, no environmental improvement? Should we be seeking to have monitoring and tightening of that scheme to make sure that the additionality is real?

Sarah Baker: There are two parts to that. First, we have worked closely with DEFRA on this, so they are very aware of our findings. You need to protect what is already being done. I am not saying it is necessarily a bad thing to pay people for what they are already doing; otherwise, not only will you not get any additionality, but you might in fact go backwards.

If the UK is going to meet the ambitious environmental targets that it has signed up for, we need to keep a critical eye on exactly this sort of space that AHDB are working on, and we are working collaboratively with DEFRA going forward, because they did really like our analysis of this and found it incredibly useful. We absolutely have to nail down the amount of additionality we are getting, because they are public funds; they need to be accountable and to be shown to be effective. If they are not driving those public benefits then we need to regroup and think how that money could be more effectively applied.

Q153 Chair: Further to your answers to Barry, when you have your draft report



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on the impacts of the new payments, the trade deal and what you are looking at, please would you let us have it as soon as you can? We will then have it in time, before we finalise our report.

I have a question probably for all of you. It is fairly common knowledge that when Europe, in particular, and others put their trade deals together, they involve the industries more, through the system negotiations. What are we lacking in these systems, and what would a really effective system of public and industry free trade agreements consultation look like? There is no doubt in my mind that we have not done enough with the industries as we negotiate these trade deals. We seem to sign the trade deal and think about it afterwards.

Sarah Baker: What the Trade and Agriculture Commission was incredibly good at was engaging with stakeholders and bringing everybody into the conversation. That is a useful tool.

Q154 **Chair:** You are right that they have done that, but is that feeding in to the negotiation of the trade deal? This is what we always saw as the role of this. This is my pet subject. I just do not think it is feeding in, is it? Again, I am leading you; I am sorry.

Sarah Baker: You make a really good point. There is scope for increased involvement at an earlier stage of the negotiations. There is a wealth of expertise on those various committees and among the stakeholders. They should be involved at an earlier stage, most definitely.

Q155 **Chair:** We very much wanted the core principles put in place, and we very much saw this as a part of the negotiation in the deal. We also thought that the Secretary of State for International Trade, whoever he or she was at the time, would be able to refer back to these core principles as we negotiated a trade deal. The horse has somewhat bolted from the stable, but what more can we do, even at this stage, to incorporate the work that the Trade and Agriculture Commission has done?

Sarah Baker: The scope is now limited. The deal is signed and, apart from not ratifying the deal, there are limits, but there are significant opportunities for refinement. It was mentioned earlier that trade deals are these living, breathing entities and they will evolve over time. There is also the role of the committees with the trade deal. You are right that the horse has bolted and there are limited opportunities on this one, but there is definitely scope going forward.

Q156 **Chair:** Does anybody else want to add anything on the fact that I believe we could up our game significantly in negotiation?

Professor Manning: It is about why you are engaging with organisations. Is it about consultation or is it about co-creation and developing policies together? It is really important that the scope of those interactions is clear, because you can consult but then not take any of the recommendations. You will get different levels of engagement from business on that basis, as well as from other groups. We have not talked



today about the consumer protection aspect of the trade deal and how the consumer voice is heard in trade deal negotiations. There is the whole area of SMEs—a chapter on SMEs and the impact of a trade deal on SMEs. Again, there is a wide group of stakeholders that are impacted by these trade deals. I am not sure that they are all heard in some of the interactions.

Q157 Chair: Would a public negotiating mandate, designed with industry, strengthen the UK's negotiating position? It sounds very democratic for a Westminster Government, but, seriously, this needs to be done. What is your view on that?

Professor Manning: That is quite hard to achieve in practice. There will always be vested interests in many of the people who are on those groups and committees. It is in the impact assessment that you really need to be able to look at all of those stakeholders. As we have said already, the Department for International Trade has said this will have an impact of 0.08% on GDP, but in some regions and communities it will have a significant impact.

Q158 Kirsty Blackman: This is likely to be a question for Fiona. Are there any countries that have a gold standard in terms of their public consultation and industry consultation? It might be two different countries or places that do that consultation well, in advance of a trade deal being signed or negotiated.

Professor Smith: The European Union has a very formalised process of scrutiny of participation in a deal, particularly with mechanisms like the European Parliament, which is formally involved. It may well be something that evolves, as the United Kingdom has left the European Union now and is relying on a process that was probably not designed for the level of activity that is now happening in the UK. It is something we can learn from other countries. The United States also has quite a formalised process with groups involved.

One of the interesting points with the Trade and Agriculture Commission is that the first report that was produced involved a lot of stakeholders and certainly included several recommendations, but the power of the Trade and Agriculture Commission has been severely curtailed with the Trade Act 2021. The current Trade and Agriculture Commission, as constituted, has powers that are much reduced. That is a missed opportunity, because the first report was very impressive.

Q159 Kirsty Blackman: Just to clarify, Fiona, you talked about the formalised processes. Do you think it would be preferable to have a beefed-up formalised process for consultation in the UK?

Professor Smith: Yes, it would be.

Q160 Barry Gardiner: Picking up the same theme, Professor Manning, you said you thought it might be difficult to have a formal mandate, but many countries do, do they not—the United States being one? It gives them



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power within the negotiating process to be able to say, "We can't do that because our mandate doesn't allow it." In conjunction with what Professor Smith just said about having that expanded consultation regime, I wondered whether it might be something that we should be recommending to Government: that there should be that expanded consultation but it should go together with a formal mandate that gives us more power in future negotiations. I agree that the horse has bolted for Australia but we should look to the future.

Professor Manning: I would agree with that. One chapter we have not talked about is labour. For example, it mentions "a prohibition on the worst forms of child labour"; it does not say "no child labour". While that is not so relevant in this particular deal, in other countries that we will be doing trade deals with, child labour and child slavery are really important, so that mandate, across all the chapters, is really important.

Chair: Thank you, Sarah, Louise and Fiona. It has been a really good evidence session, with great stuff for our report. Sorry again for not being here at the beginning, but we have had a very good debate. Thanks again to Barry for taking the Chair, and it is nice to see Anthony here today from the International Trade Committee; he has been reasonably well behaved. Thank you all very much. We really have had some good evidence and it will help us put our report together. Thank you very much, all three of you.