

Environment, Food and Rural Affairs Committee

Oral evidence: Australia FTA: Food and Agriculture, HC 1077

Tuesday 8 March 2022

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[Watch the meeting](#)

Members present: Neil Parish (Chair); Ian Byrne; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Derek Thomas.

Questions 161 - 223

Witnesses

I: James Russell, Senior Vice President, British Veterinary Association; Anna Sands, Trade Policy Specialist, WWF; Orla Delargy, Head of Public Affairs, Sustain.

II: Andrew Opie, Director, British Retail Consortium; Kate Nicholls, Chief Executive Officer, UKHospitality; Sue Davies MBE, Head of Consumer Rights and Food Policy, Which?.

Written evidence from witnesses:

- [British Veterinary Association](#)
- [WWF-UK](#)
- [Sustain](#)



Examination of witnesses

Witnesses: James Russell, Anna Sands and Orla Delargy.

Q161 **Chair:** Welcome to the EFRA Select Committee. We are carrying on looking into the Australia free trade deal. Orla, Anna and then James, would you like to introduce yourselves for the record?

Orla Delargy: Good afternoon. I am Orla Delargy, head of public affairs at Sustain. We are the alliance for better food and farming. I would like to say happy International Woman's Day to you all.

Mrs Murray: Thank you.

Anna Sands: Good afternoon, everyone. I am Anna Sands. I am senior policy adviser at WWF UK and my focus is on trade and the environment.

James Russell: Good afternoon. I am James Russell, the senior vice president of the British Veterinary Association. Chair, so you are reassured, I am ready today to answer the outstanding question from last week of where puppies come from. I have that unwrapped today.

Q162 **Chair:** You have, have you? Perhaps towards the end we will ask you that one. This is the first time that Australia has negotiated an animal welfare chapter in an FTA. Do you think that it is sufficient to address the concerns about Australian animal welfare standards? That is quite a broad question.

James Russell: The starting point on this is that we are disappointed that Government have chosen to give away this preferential access to a larger market and have not secured any firm commitments from Australia to improve animal welfare standards.

I could go into detail, but, to summarise, it is fair to say that standards diverge significantly between the UK and Australia. It is important for us to recognise that, although we are here in front of a Defra Committee today, this is a devolved matter that is equally relevant in England, Scotland and Wales and, I would suggest, more complex through Northern Ireland as well.

We continue to trade with, particularly, our European Union partners on the basis of our good reputation for high health, welfare and food safety. The SPS controls that are in place mean that we are not at risk here of jeopardising the biosecurity of the country in that ongoing trade. We have a significant risk of jeopardising onward trade of goods that become unrecognisable as they enter the UK from Australia.

Q163 **Chair:** The chapter includes a recognition of animal sentience, which is not formally recognised in Australian law at the moment. Do you think that this is significant?

James Russell: It is of course great to see sentience get a mention wherever it does. As you know, it is something that BVA has warmly



welcomed. At the moment, we are not seeing any evidence as to how animal welfare or sentience might be measured. We have talked about this at a joint working group on animal health and welfare.

We need to see that stood up and for Government to consider the balance of expertise that would be required in order to give us some confidence in the question you have asked. We have a lot of recommendations from the TAC, one of which was that we had a committee stood up, as a matter of urgency, before we started developing tariff-free access into the UK.

Chair: We had core principles of trade, core welfare and things, which we did not get.

Orla Delargy: We would agree with everything that James just said there. The UK Government had an opportunity to create conditions. The free trade agreement is the opportunity to do that. You can go over, above and higher than the WTO standards, which we know are lower than our own. For some reason, the Government opted not to do that when it was an option to them.

We are disappointed in that, because the standards are demonstrably lower in animal welfare in Australia than they are here. I am sure I do not need to go into them. You will be aware of them, but there are the feed lots, the lack of pain relief and the use of growth hormones. All of that is of concern to us in animal welfare and then onward into food standards.

Q164 **Chair:** The growth hormones are probably excluded by law at the moment, because we cannot bring in meat here that has been hormone-treated. I understand your concerns but, for the record, I do not think that is likely to come in, is it?

Orla Delargy: You are right that they have not introduced a new condition for that in this deal. That is not subject to the dispute mechanism, so, yes, that is a win, I suppose, in terms of the use of hormones. We were pleased to see that, but we know that this is a pathway towards joining the CPTPP. Its SPS chapter pegs itself to the international standards and WTO, which are lower than the UK's. Australia is a member of CPTPP, so for us there is a real question over whether the arrangement that the UK Government put in place in this deal can hold when it comes to joining CPTPP.

Chair: That is an interesting point, which we will put to the Trade Minister.

Anna Sands: As WWF, we work in collaboration with animal welfare organisations, but we do not work on it directly. We have a key proposal of core standards, which would include environmental and animal welfare standards. I know there is another section on this later on, so maybe I will come back to that in more detail when we talk about that. There are ways that we could improve on this deal as it is.



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Q165 **Chair:** This is my final question to you. The Government have said that the reason that pig, chicken and some egg products are not covered by an FTA is that they could not find agreement on standards. Is this an example of Government delivering their commitments on animal welfare and food standards, or is it a missed opportunity to raise Australian standards? There are two ways. James, this one is an interesting one, is it not?

James Russell: Yes, it is. If you will indulge me, I might pick up on something around that hormone fed beef again. That comes into the comments that I think Fiona Smith, professor of international economic law at the University of Leeds, gave in her evidence to you. She talked about the risk of welfare barriers masquerading as SPS barriers.

It is important to recognise that hormone feeding and hormone injecting as a growth promoter is a welfare concern for us. We could point to a number of other parameters, perhaps like some of the ones that you are raising here around poultry and pork as well. It strikes us at the moment that Australian agriculture has the best of both worlds really on this one. It has its export opportunities for beef and lamb, which I think the panel have all agreed so far do not meet UK basic welfare standards. It is a net importer of pork. The fact is that, notwithstanding where we are at the moment, with our pig crisis, this is not a defensive interest for Australia.

Q166 **Chair:** On the plus side, we would naturally be able to export pork to Australia tariff free, would we, under the agreement? They are not going to stick tariffs on our pork, are they? I would not have thought so.

James Russell: The point is about cost of production and the cost of high-welfare production. That means that that market is not accessible to animals produced to our levels of welfare.

Q167 **Dr Hudson:** This is just a very quick one on the pork. We have heard from previous witnesses in previous sessions that perhaps the UK Government could have got pork included, in terms of reducing some of the control mechanisms coming in, in that they actually heat treat it to try to mitigate against the risk of PRRS, respiratory syndrome. As a vet, James, could you understand why the Australians would be less keen, from a biosecurity viewpoint, to change and reduce their control mechanisms of importing meat into their country?

James Russell: We sat round this room last week with me talking about the importance of us having controls and barriers in place to understand the food coming into our country. Absolutely, Australia is an island nation and, in that sense, it is slightly immune from an awful lot of endemic diseases worldwide, so yes.

Q168 **Chair:** That is an interesting point. I would like to see these trade agreements not reduce our standards but actually raise others'. Is there any opportunity to bring pork and chicken into trade if their standards were raised? Is there any method for this?



Orla Delargy: Before I come to that, I would raise the question that I am not quite sure how they managed to assess the standards on chicken and pork, found them wanting and somehow gave the sheep meat and beef a pass. We know that the standards there are completely lower. If you were going to raise any further questions back with Government, that would be a really key one. How did they come to that conclusion?

Q169 **Dr Hudson:** You touched on this in some of your answers earlier, but all of you have called on the UK Government to develop core standards and put them into the trade deals. Most of us are very disappointed that that has not been the case with these trade deals. Could you articulate to the Committee and to the public what core standards on animal welfare you think the UK Government probably should have put in this trade deal? Also, if that horse has bolted, what should they put into future trade deals?

Anna Sands: Can I make a side point slightly? We are not going to define the animal welfare standards, but we would like to share something about how they could work. In our vision, core standards are something that would exist outside of a trade deal.

Dr Hudson: Can I hold fire on that? That is my supplementary, question: how that system would work. Do you want to hold that thought and we will get on to that? Is that alright?

Anna Sands: That is good.

Q170 **Dr Hudson:** James, what sorts of core standards on animal welfare do you think we should have put in but we should now put in in future deals?

James Russell: I am going to be slightly slippery on that answer as well. We need an evidence-based and outcomes-focused approach to thinking about welfare. To simply copy across and say, "This is what we do in the High Peak of Derbyshire and therefore it should be fine in mid-Australia" would miss the point.

We need the expertise, both veterinary and animal keeping, to understand how we can measure the outcomes for those animals produced in other systems, climates and environments. What feels equivalent? What feels like they have actually met the same welfare standards as we would anticipate at home? That was pillar 2 of the TAC's three pillars of recommendation to Government a year ago. At the moment, we have not seen an awful lot of evidence of that being progressed to put in place the expertise and the wherewithal to be able to provide that ongoing monitoring. It would be ongoing monitoring of different countries that are exporting to us.

Q171 **Dr Hudson:** You have said you have been slippery with your answers. I am going to be slippery with my question and fire it back at you, then. Do you not think we could have some overarching principles about reducing the use of antimicrobials in the animals, but also have some red line products? The Chair has said that hormone-treated beef and chlorine-



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washed chicken are banned in law. Why not put those in as red line products as well? There is also ractopamine in pork. I would be very interested to hear your comments on stipulating comments about mulesing in sheep as well. Could we not just have some red line products to say, "These are unacceptable to us in the UK; they should not be traded"? What do you make of that?

James Russell: I will take those in turn, if I may. Absolutely, we would like to see AMR in there, in a world where Sustain and sustainability are so high up our agenda. I have just come from a meeting this morning of the UK One Health Coordination Group. All the different medical professions around our country are thinking about how we protect and preserve antimicrobials. At the moment, as far as we are aware, there is not that nationwide, joined-up approach. RUMA can point to some really good progress in the UK and it is a real shame if we begin to undermine that.

You raised mulesing and that is probably the headline welfare harm. It is recognised within Australia as well, with the Australian Royal Society for the Prevention of Cruelty to Animals being opposed to the practice and various brands refusing to stock wool from animals that have come from farms where mulesing is practised.

Q172 **Dr Hudson:** The Australian veterinary anaesthetists have called for analgesia to be used as well.

James Russell: Absolutely, but at the moment there is no nationwide approach to that. There may be some local initiatives, but it is not happening nationwide. To be really clear about what mulesing is, this is cutting skin off a live animal and we are discussing whether that should need some analgesia as part of it. I absolutely agree that that is something we could point to and say, "Here is something that has never been practised in the UK". It is not that we would have to do something reciprocal to balance that out. It has never been practised and we would like to see that—

Dr Hudson: Simply, that horrific procedure could have been put in as a red line product. My colleague Sheryll is going to cover New Zealand in the next question.

Chair: We are not going to get on to New Zealand at this stage.

Dr Hudson: I was taking mulesing from New Zealand. I got permission to take mulesing.

Mrs Murray: Perhaps it was a supplementary Dr Hudson was referring to.

Q173 **Dr Hudson:** New Zealand has actually banned that as well. This is something we have missed on that. Orla, could you stipulate some of the standards that you would have liked to see in the deal or in future deals?



Orla Delargy: You have nailed some of them there. We are very concerned about the overuse of antibiotics. I have a quick point on that. I think the per animal use of antibiotics in the Australian system is up to 16 times versus the UK. One other point we would make is that their surveillance is really low in comparison to here, where there is a yearly report. The Alliance to Save Our Antibiotics tried to calculate the usage in cattle and could not because the surveillance is so poor in Australia. That in itself is a big red line and indicator for us.

I would also raise the concept of equivalence. That is something we need to be really careful of. In the deal, there is a provision for regional conditions. That raised some alarm for us, because the flystrike question is something that is quite localised to that part of the world. Could they argue that that is a disease that is prevalent there and that they need to take action to treat their animals? Then we do not have an equivalent, so therefore there is an unspoken equivalence, because we may have conditions here that they do not.

We need to be quite careful about the concept of equivalence and regional conditions, and how that is set. We would have some concerns with the democratic oversight of that. We would like to know more.

Q174 **Dr Hudson:** That brings us back to Anna, in terms of how this could work, if core standards are incorporated in future deals. How do you think that could work? Would it be universal, or would it be bespoke to each individual deal? The Trade and Agriculture Commission recommended having core sets of principles, but the Government have sat back and ignored that recommendation. If we are going to try to get core standards in, how could it work, Anna?

Anna Sands: We think that they should be universal, which would make it easier to then be consistent across deals, because it would not depend on a one-to-one negotiation with each country. It would work in a similar way to already existing food safety standards, so things like the bans on hormone-grown beef or chlorinated chicken. We have these in legislation that applies to all trade. We could do the same for the environment, animal welfare and other food safety standards. We could expand that remit.

In several ways, that is easier and better to do, because it allows us to look at these standards in a longer, more scientific process. It does not mean that we are having to discuss all of them in a negotiating room. Of course, they would form part of at least informal negotiation, because they would need to be mentioned with our trade partners.

Q175 **Dr Hudson:** In this Australian trade deal a working group is going to be set up on animal welfare. Can these core standards be factored into that? Are you optimistic that the working group can get some good work done, or is this a talking shop?



Anna Sands: The key point is that we can do them, whatever we have done in trade deals, because we have not stopped ourselves from enacting new legislation. We have examples from other parts of the world where that has been done. We have the Marine Mammal Protection Act in the US, which means that all seafood imported into the US has to fill a certain minimum effectiveness standard of protecting against marine mammal harm. They have managed to do that, having signed loads of trade deals. It is actually helping other countries raise their standards, so that would be our vision.

Of course, we would need to involve our trade partners. We would want to make sure that they are consulted and that we take them on the journey, but we would not have to do that in the trade deal process.

Q176 **Dr Hudson:** James and Orla, do you have anything to add on that about how the core standards would work, or are you happy?

Orla Delargy: The general public have been absolutely consistent in calling for core standards for food all along, in every poll. Sue Davies from Which? is going to be here to talk more about that later. That also came up in the Government research.

The point we would make is that it should not be down to individual trade teams, undertaking bilateral discussions with other countries, to then put our food standards back on the table. We should have a core set that we all understand and are then red lines, and nobody needs to talk about them anymore. They are there and off the table. That is what we would be looking for and what the public have called for, consistently, for years.

Q177 **Dr Hudson:** James, we share such a lot with Australia and New Zealand, in terms of our values. It is not beyond the wit of man for vets and animal welfare experts from Australia, Britain, et cetera, to get their heads round the table and establish core standards to say, "These are the things that we agree on", provide an evidence base for that and then move forward.

Chair: Restrict your comments to Australia, please, at this stage.

James Russell: I will do. I would answer that by saying that this was what the TAC asked for when it reported a year ago and it has not happened yet. We know that the new TAC—TAC 2, whatever it is being called—is responding to the call for evidence at the moment, before the end of March. I am not sure how wide their evidence gathering has been. We certainly have not spoken with them, but this was asked for a year ago.

Q178 **Dr Hudson:** Has the BVA had dialogue with your Australian equivalents, the AVA, about this?

James Russell: We are in fairly regular communication with them as part of the International Veterinary Officers Coalition. On this specific



matter, no, we have not engaged with them. It has a slightly different role in Australia. It is almost more equivalent to our CVO.

Q179 **Mrs Murray:** I fully appreciate that Dr Hudson has already asked his supplementary on this. Do you see any significant differences in the way that the UK has managed animal welfare in its free trade agreement with Australia and that of New Zealand?

James Russell: This newest incarnation of the FTA with New Zealand is only a few days old. We are still getting our head around it, so forgive me if I have missed any of the finer points of it at the moment. In there, we have this non-regression commitment from both parties. That is to be applauded.

We were a little concerned initially when we read that there was to be a reduction and indeed a removal of EHCs for some low-risk goods. We have sought reassurance after the fact from Defra that that does not mean any products of animal origin, and have had that confirmed. As far as I am aware, we are not talking about rolling back any of the existing requirements there.

We had an existing relationship with New Zealand through a New Zealand-EU trade deal. That formed a really strong basis for us to put these SPS chapters, the non-regression treaties and so on into place. The New Zealand trade deal should have been a really easy one for us to welcome and to say, "Here is a country that shares very similar values on animal health and welfare". The fact that we have had the number of questions that we have had about it reflects the low level of expert and veterinary input that went into the discussions ahead of the fact. I realise I have made that point in a number of ways over a number of sessions, but it is worth bearing out here that that input was not there.

Q180 **Mrs Murray:** Orla and Anna, happy International Women's Day to you as well. I am not the only woman on this Committee, but the only woman present today. I am sure that my colleagues Rosie Duffield and Kirsty Blackman would wish you happy International Women's Day if they were here as well. Do you have anything to add to that, please?

Anna Sands: It is interesting to see how the New Zealand deal in some way reproduces the problems of the Australia deal. Here, for us, the particular concern is again on liberalising tariffs in key agricultural sectors without any conditionality. We do not work that much on animal welfare standards. From what I have heard, they are better in New Zealand than in Australia.

Agricultural standards, in terms of the environment, are definitely also really bad in New Zealand. We have massive problems with water pollution due to beef in New Zealand. That is a big problem and it will not be solved by the measures in the New Zealand deal. Unfortunately, the Government are reproducing some of the same mistakes they have made in the Australia deal in the New Zealand deal.



Q181 **Chair:** James, this is a blunt question really. From a management of sheep point of view, if the New Zealanders can stop mulesing their sheep, I suppose Australia would be hotter, but is there a real argument, because New Zealand has banned mulesing, that Australia should follow?

James Russell: I would answer that by thinking about the fact that all of our animal health and welfare policies should be aspirational, in terms of improving health and welfare. For example, if we think about the routine castration and tail docking of lambs in the UK, tail docking in particular done for some quite similar reasons to the mulesing, we are working towards a system where that needs to be done with suitable pain relief. Actually, we are working towards asking, "How can we manage those animals differently so that that becomes the exception, rather than the norm?" That is the kind of aspiration we would want to see.

Chair: You are being very diplomatic, so I will leave it there.

Q182 **Robbie Moore:** Orla, picking up on the answers you gave, I think it was to the first question, and in previous evidence that you have given to the Committee, you stated that the regulatory co-operation provisions within the free trade agreement will make it difficult to maintain the UK's bans on hormone-treated beef and chlorinated chicken. I was wondering whether you could expand why you feel that is the case and why you believe that to be the case, despite some of the comments that have been made to the Committee so far.

Orla Delargy: I understand. The condition was put in—I think I said this earlier—that it does not allow for the importation of hormone beef, which we are pleased about and we are happy with that ban. Chlorine chicken does not apply, because that is out of scope of the deal that has been decided. Again, from our perspective, that is good. I am old enough to remember a Secretary of State for International Trade from the UK going to the United States and saying that it was fine to eat chlorinated chicken, so that feels like a shift, if that is part of the narrative now, that we will not have that in any deal.

The reason why we remain concerned is this question of the dispute mechanism. It feels like the Government feel confident at this stage to say that hormone beef will not come into the UK because of the SPS chapter in the Australia deal and the dispute mechanism not applying. That is not the case for CPTPP. We would also be concerned that this, essentially, was paving the way for low-standard deals with larger agricultural nations like Brazil, the US or Canada. Canada has already indicated that it is a bit sceptical about the UK's position.

When you look at the Australia deal, it talks about having reference to international standards or having reference to the WTO standards and Codex Alimentarius. We know that those standards are lower than the UK's and allow for things like chlorine chicken, growth hormones and very high-residue levels of pesticides that would not be allowed here in the UK. There is no question that the WTO standards are lower and the



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Australia deal references back to those as being a good thing for the ongoing conversations between the two nations to take into account.

Robbie Moore: That is everything that we need. Thank you very much.

Q183 **Ian Byrne:** Orla, this is your opportunity to get anything on record. Do you think that the issues addressed in the environment chapter are appropriate? Do you think there are any gaps in the issues covered?

Orla Delargy: I am going to defer a bit to Anna on this, but I will give a few lines from our perspective. We think that the Australian agricultural system does not meet the same sorts of environmental standards that the UK does.

There are significant differences in the usage of pesticides. They license double the amount that we do of highly hazardous pesticides. They also license 33 organophosphates, versus four in the UK. They do not have a review period in Australia, when we do, after 15 years. They permit many times higher residue levels than we do. If the UK was to lower its standards in order to compete with the Australian farmers, that would be a lowering of the protections and the standards that we have in place now, so we are really concerned about that.

I should probably leave some of this to Anna, but there is the deforestation rate. They are still deforesting at a huge rate to make way for agriculture. Some of their productions are damaging the Great Barrier Reef. I think that is the sugar cane. They are very carbon intensive, the most carbon intensive in the OECD, I believe. Also, they have been criticised for having very low ambitions in their climate policy. Not only is their ambition low, but they are also failing to meet their targets. All in all, they are not doing very well on the environment and we have rewarded this behaviour with, essentially, a zero-tariff, zero-quota deal.

Anna Sands: As Orla painted, Australia's record on farming is very bad. We have written a briefing comparing UK and Australian farming in a few key elements, so I would be very happy to share this afterwards as well. It is interesting and important to note that things like water use or biodiversity impacts differ between Australia and the UK. Even if sometimes, on the carbon impacts, it might not seem that different, it is all the other environmental impacts that really matter.

One thing that is quite striking is how overgrazing of sheep and cattle in Australia contributes to water stress. That in turn contributes to droughts and the types of wildfires that we have seen and been shocked by in Australia. It is very linked.

Like Orla mentioned, there have been commitments to reach net zero in Australia, recent ones, but, when you look into the detail of those plans, in terms of agriculture, Australia plans to grow its agricultural sector in beef and sheep. It does not seem to be consistent with trying to reach net zero. They want to rely on methods like sequestration or other



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emerging technologies to sequester carbon. All of these are very new. We do not have the evidence to show that they will definitely reach that kind of level. We have opened our markets to that production, so in fact increasing demand for those types of products and, at the same time, creating unfair competition for our farmers.

You asked the question as well of whether the environment chapter solves that. No, it does not. The thing about these environment chapters is that they are nice to have and create a symbolic salute to the environment—that is how I would put it—but they do not put in place any conditions for what we import. That is the key thing.

Q184 **Ian Byrne:** What would you put in place, Anna, in this agreement and future agreements?

Anna Sands: Do you mean specifically in this agreement?

Ian Byrne: Yes, and then they could roll over into future agreements.

Anna Sands: In the Australian agreement there are some provisions about not failing to enforce environmental laws. That is nice to see but, if the environmental laws are already quite low, it does not really help us that that commitment exists. Also, a lot of the commitments are phrased in quite vague and broad terms, so it would be really hard to argue them.

Sometimes there is a kind of trade and investment caveat, which means that it only matters for the sake of the agreement if it impacts trade and investment. That is notoriously hard to prove. It exists in other environmental chapters as well. It is often part of a clause that the party can sue if this derogation has had an impact on trade and investment, but that is really hard to show.

Q185 **Ian Byrne:** We will look forward to seeing the report. You are going to give that to the Committee, are you?

Anna Sands: Yes, we have a comparison of the basic indicators that we can share.

Chair: If we could have that, that would be very good.

Q186 **Robbie Moore:** Anna, the UK Government's impact assessment estimates that the UK's emissions will be unchanged by this free trade agreement, while Australia will likely increase by 0.1%. Given that these are relatively small figures, do you mind explaining why you see climate as an important part of the free trade agreement?

Anna Sands: We sometimes get ourselves dragged into looking at each deal separately. We need to always keep in mind that this deal is also a blueprint or—"precedent" is not the right word—something that will set the expectations of future trading partners. While we might think that it is not a massive impact from this one deal, when we have a deal with Brazil or the US they might say, "Why are we not getting the same conditions as Australia did?" That is one point.



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The second point is on how the greenhouse gas emissions have been estimated. For me, it is striking that the impact assessment says there is a problem with deforestation in Australia due to beef production. They cite some WWF reports on that as well. Then, when they calculate the emissions, they do not calculate any emissions related to deforestation, so they are excluded from that 0.1%.

We started to look into that a little bit. It would obviously take more research to get the exact data, but we know that there has been—what is it?—34% deforestation between 2016 and 2018. Tree cover loss is 34% between 2016 and 2018 in Australia. A large part of that is due to beef production. We know that beef production is going to increase if they take the opportunity of the access to the UK market. I do not see why we are not including that in those estimates.

Q187 Robbie Moore: You have mentioned deforestation there and high greenhouse gas emissions. As part of the free trade agreement with Australia, what more could the UK Government be doing in terms of recognising the concerns that you have raised? Also, what more could the UK Government be doing to address these concerns through the free trade agreement?

Anna Sands: We think that, ideally, they should be setting core standards, and that should include all kinds of environmental impacts, including climate impacts. That would then operate for this trade agreement and for other trade agreements. It would say things such as that the beef that is imported into the UK must not come from practices that involve deforestation or land use change. Then there would be some form or way of showing or proving that. That is much more impactful than trying to change something, say, in the environment chapter of the trade agreement. Like I said before, these environment chapters are really hard to enforce. They are quite vague.

Q188 Robbie Moore: Do you feel that there is a concern around the fact that we have the Australia free trade agreement and that this will, in terms of environmental matters, set a precedent when they will be wanting to have further discussions around, potentially, free trade agreements with South American countries, America itself, or more Trans-Pacific Partnership free trade agreements?

Anna Sands: Yes, I think it will definitely create issues. Following the EU trade agreements, there was a massive problem with the Mercosur agreement, because it got to a stage where a lot of the EU Parliament were objecting to it for environmental reasons. We need to keep that in mind, that we are building this trade policy from scratch.

We have an amazing opportunity to set out how we are going to do it, but if we just keep signing deal by deal, and always just looking at the impact of the one deal, we are never going to set out these policies that will help us in the future. For that, we also need a trade policy. We need it written down. We need to have, in a trade policy, written down, what



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we are trying to achieve, how we are going to achieve that and how that fits with our net zero ambitions. That is something we have been calling for as well.

Q189 Robbie Moore: Orla, picking up on that, why is this a concern? Also, following on from Anna, when we are looking at individual trade arrangements, how do we have a collective strategy that deals with the impact on the environment through free trade agreements?

Orla Delargy: I will not repeat what Anna said, but I agree with it all. I would fall back a little bit as well and say that the advice to the UK Government is widespread on the need to reduce the consumption of meat in diets. Before Neil has a heart attack, I am not saying that everybody should stop eating meat. Sustain's position is that everybody can continue to eat meat.

Chair: Thank you for that.

Orla Delargy: I am just heading that off at the pass, Neil. We can all eat less but eat better. The UK has lots of very well-produced pasture-fed meat that is perfectly fine. We should not, through trade deals, be accelerating the production of intensive beef on the other side of the world and then shipping it to here. That does not chime at all with the advice that the UK Government have been giving on the need, both domestically and internationally, to shift diets to more healthy, sustainable sources of production. Like I say, that includes higher-welfare, sustainable meat, but also additional legumes, more fruits and vegetables. There is a wealth of evidence to show that diets need to pivot towards those kinds of products.

In the impact assessment, on the one hand we are invited to imagine that it is okay that Australia produces all this beef, but it will not get shipped here because they have access to Asian markets. "Why would they send us their beef?" At the same time, when you look at the impact assessment, it says that they anticipate an increase in production to fulfil the trade deal to the UK. We know that Australian farmers were cock-a-hoop when the deal was announced. It looks as if they intend to accelerate the production of beef and send it here. That is not what we need to be eating in order to have a climate-friendly, healthy, sustainable diet.

Q190 Derek Thomas: We obviously want to be looking elsewhere for free trade agreements. How do you think the UK Government should and could improve how they engage with stakeholders in setting negotiation mandates for future free trade agreements? I heard what my colleague has said about setting the precedent.

James Russell: There are two sides to that. The first real learning is to reflect on the consequences of any free trade deal that we sign, outside of the bits that we have all spoken about, whether that is health and welfare or the environment, but thinking about our other relationships



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and abilities to export. I know I have said that before. I really want to labour that point.

We are already in a position where, as we said last time, we have 258 years' worth of veterinary time being used to sign export health certificates into the European Union. That will only increase if we have a situation where there is product of animal origin in the country that we are not able to identify and certify appropriately for export. That would be point one.

The bigger point to your question would be the very poor engagement that the Department for International Trade has had with us over time. Four years ago, we submitted a report to DIT on Australia. We understand from colleagues at Defra who were working on the SPS chapters that that report did not make it from DIT to Defra.

We also know that, when we sat down with representatives from DIT in 2019, at that point talking about a US trade deal, that we had to explain what a Chief Veterinary Officer was. There is not just a lack of expertise and understanding there. There is a lack of recognition that there is a lack of expertise and understanding there and no effort to seek it that we can identify.

We, and others, have potential not just to point out the pitfalls, but potentially to help support some of the real positives that could come from developing free trade agreements in the future. We cannot do that if the first we see of it is a signed agreement with a promise that we are going to put some sort of animal welfare colouring on it afterwards. We feel that that is where we have been to date.

Anna Sands: To pick up on that, Government should not be afraid of engaging, because that is what makes negotiations stronger. In the end, if you have a clear set of domestic requirements, that is what you can bring to the negotiating table. That is where you can say, "We cannot go behind that red line". A point to make is that, if we had a trade policy that has been signed off by Parliament and publicly consulted on, that is something that could also be used to make us stronger negotiators.

In terms of what we are lacking, it is really useful to think about what the public consultation on the Australia free trade agreement said and what the final trade deal says. We had a consultation in 2018, before the negotiating objectives were set, where many of the responses said, "We want to maintain our higher environmental standards. We want to protect them". That was very common in the consultation and now we have a trade deal that effectively undermines our environmental standards. There has been a consultation, but it has not been effectively listened to. That is one key thing. We need to make sure that the consultations are being responded to, so they are not just an exercise and actually have influence.



The second point would be that we need a process where Parliament is more involved. I am sure that this Committee will be aware of that and already thinking about this. If we had a guaranteed vote and debate at the end of the process, that would then trickle down through the rest of the process, because suddenly it would matter so much more that Parliament is on board all throughout the process. If we obtained that, we would get everything else, which is transparency and more sharing of documents.

That is, in fact, what the EU does. It is what the US does. They know that, because Parliament has to approve, they will share the documents and make it possible to consult more during the process.

Q191 **Derek Thomas:** Particularly, I was interested in stakeholders. Obviously the general public are a stakeholder and Parliament would be another one. Would you want the Department for International Trade to have a set group of stakeholders that it would go to on a particular area of a particular part of free trade agreements, as James is suggesting? At the moment, you are just suggesting a broad consultation and then to be challenged by Parliament at some stage.

Anna Sands: There are different levels. There is the broad consultation. We need to involve the general public. Then there would be stakeholder and expert consultations, and then parliamentary vote and debate. For the stakeholder consultations, there are different types of working groups, but often there is a problem with the need to sign confidentiality agreements and how that then restricts what can be done with the information that is shared. I am not part of the groups that have the confidentiality agreements, but, from what I have heard from people, their general take is that there is not that much useful information being shared.

Q192 **Derek Thomas:** I would wonder if you would need to go further and have the appropriate stakeholders sat round the table as the free trade agreements are negotiated. Who would the stakeholders possibly be?

Orla Delargy: I would echo a lot that has been said. In other countries round the world, Parliament has agreed a role in setting the negotiating objectives, seeing negotiating texts, having a chance to input into those before they are signed off, being part of the process and then afterwards having guaranteed debate time and votes.

I know that there has been correspondence between the International Trade Committee and the International Agreements Committee back to the Department for International Trade, because they are very disappointed that ad hoc commitments made on the Floor of the House have not been followed through, codified and put in. One example of that is the Grimstone rule, which was supposed to be an informal one that would give guaranteed debate time. That has now been rejected.



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For civil society, as part of the agreement with the European Union there is a domestic advisory group and a civil society forum for that deal, so civil society has a chance to meet with its counterparts and discuss the deal. That has not been put in place for non-EU agreements. I think there is a domestic advisory group, but not a civil society forum. Also, we feel that it is covering some good areas, like the environment—we will maybe have to see how that pans out—but the breadth of issues that it is looking at could definitely be widened to include things like public health, for example, or consumer and food standards.

If you will give me just a second, cast your mind back to the Agriculture Act, when the Trade and Agriculture Commission was brought into being, and then it was put in place by the Trade Act. It was supposed to cover human health and then human health was written out of its remit. It has never been picked up since. When the Australia deal was put into Parliament, there was a letter sent to the Trade and Agriculture Commission, which had a formal commission from the Secretary of State for the consultation. The Trade and Agriculture Commission in turn then issued a call for evidence and is now sifting through that evidence. There has been no concomitant procedure for human health. It has just disappeared.

We have written to the Department for International Trade. We ask about who should be consulted and how to consult. A coalition of us have written to the Department for International Trade on this matter and we have not even had an acknowledgement of the letter, let alone a response.

James Russell: The other point that I would want to make is that I can imagine, if you were reflecting this back to DIT, they might talk about the trade advisory groups. It is very horrible for a dyslexic to have a TAG and a TAC that we are trying to talk about today, but we will come on and talk about TAC later I think. There should be recognition that the expertise in that room is trade expertise. It is not human health, animal health, welfare, environmental or food safety. That is not there. If we put that back to DIT and it said, "This is how we have done it", I do not think we have really.

Q193 **Chair:** Do you have any concerns about the Trade and Agriculture Commission's ability to effectively scrutinise the free trade agreement's impacts on UK standards? We have covered quite a bit of this, but, finally, it is sitting as we speak; it is taking evidence. We will take evidence from the chair when that report is finally finished. What is your assessment so far of its work and its new role? It has a mixture of people on it. James, from your veterinary point of view, where do you see it landing?

James Russell: We are delighted to see the veterinary representation on the TAC. That is the first thing. I do not think that any of us at the moment have real clarity on the role of the TAC and how it will undertake parliamentary scrutiny, specifically of this free trade agreement, the



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UK-Australia one, but more broadly in the future as well. As a matter of urgency, we would be asking that that is rectified and the TAC is put in a position where it can undertake that level of scrutiny.

We responded to the consultation on the free trade agreement. It was strictly limited to a two-page response. We wait to see what comes out from that, but we have not seen the evidence yet that it is able to do what its recommendations were under Lorand Bartels. It will be really interesting to see.

Q194 Chair: On the points that you raised earlier, I always believed that the Trade and Agriculture Commission would look at the core principles that have been set down by the Government as we sign this trade agreement. Of course, that horse never bolted out of the stable. What would it be able to do, in your view, to actually highlight even some very late changes to this agreement, if any?

James Russell: We have mentioned a number of them today in discussion here around some of the welfare harms that we know are exercised in Australia and the potential trade harms of those goods coming into the UK. I would hope that they are able to give scrutiny to that and potentially to put those bits into the FTA.

Q195 Chair: It will not be so long before we will be able to hear it from the horse's mouth, so to speak, when we finally get their report. Orla and Anna, are there any last things on the Trade and Agriculture Commission that you would like to add?

Orla Delargy: We would defer to Professor Lorand Bartels, who described it as toothless. It is hard to expand on that. He said that its role was limited. It cannot offer policy advice and it cannot offer improvements. It can only provide advice to you after the fact. That is disappointing in and of itself.

I would also make the point—and it is quite important—that its remit is just to look at the potential impact of the deal on statutory protections on animals, the environment and plant life or health. As far as I am aware, that does not cover voluntary actions that have been undertaken by farmers, for example the reduction in usage of antibiotics in the UK. A lot of that has been down to voluntary action by farmers. The impact of that is not going to be considered as part of the Trade and Agriculture Commission. That is really disappointing, not to have that progress by UK farmers recognised and protected.

Not to reiterate the point on human health, but we had to FOI DIT—this is what it has come to—for its flow chart of scrutiny, which I think it sent to us because it was probably too shamefaced not to. When we looked at that, there is no mention of human health in there at all. There is no interaction between the Trade and Agriculture Commission and another agency. Presumably the Food Standards Agency and Food Standards Scotland should be mentioned in there. There should be some interaction



between the two. The antibiotic question is an important one in that, because that is animal welfare, but it also has an impact on human health. Is that going to be examined as part of this deal? So far, we have not seen any evidence of that.

In that context, we produced a report with Pesticide Action Network on the differences in pesticides between the UK and Australia, which I would be happy to send you. Who is examining residue levels? Is that going to be checked for at the border and what frequency? All of these are big, key questions for us that have not been addressed at all by Government and we would love for you to ask DIT.

Q196 **Chair:** You raise a good point where British agriculture has really reduced the amount of antibiotics use. That is something that we really need to be concerned about as we move forward with trade deals. We will have to wait and see what the Trade and Agriculture Commission report comes up with, so we might be pleasantly surprised, but we will wait and see. Anna, do you have any final point, please?

Anna Sands: To add to that, a lot of the effects of these trade deals are going to be quite long term. Especially, we know that the change in trade processes takes a while. Maybe if the standards were to change this year, the Trade and Agriculture Commission could say something about that. If we are going to see environmental standards in the UK slowly regressing, that is not within its remit, because it can only look at the legal effects of the deal, like Orla and James said.

The Trade and Agriculture Commission had recommendations and we did not get a response to that. That is always worth flagging, because the best that they could do is say, "We need much more than what we currently have in terms of scrutiny".

Chair: It is the cumulative effect of the trade deals as we go forward as well. Thank you, Anna, Orla and James, very much for a really good session and very good evidence for us to consider when we put our report together. Thank you very much.

Examination of witnesses

Witnesses: Andrew Opie, Kate Nicholls and Sue Davies.

Q197 **Chair:** Welcome to our second panel. Thank you very much for coming this afternoon. Sue, Kate and Andrew, would you please like to introduce yourselves for the record and we will go straight on with our next set of questions?

Sue Davies: Good afternoon. I am Sue Davies and I am head of consumer rights and food policy at Which?, the consumer organisation.



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Kate Nicholls: I am Kate Nicholls. I am chief executive at UKHospitality, which is the national trade body for hospitality businesses, eating and drinking out, contract catering and hotels.

Andrew Opie: Good afternoon. I am Andrew Opie. I am the director of food and sustainability at the British Retail Consortium, the UK trade association for retailers.

Q198 **Chair:** It is good to see you back again in front of the Committee. Thank you all for coming. First of all, how do you believe the free trade agreement with Australia will impact on food prices for the UK consumers?

Andrew Opie: Certainly initially and for some years to come, it will be completely negligible on UK food prices. If you look at the DIT's statement, it estimated a saving of £34 million a year in tariffs for UK consumers against a grocery market of about £200 billion. You start to get some perspective there. Given that we already have underlying issues around food prices, I do not think for a minute that this is going to make any difference. Going forward, it will have very limited impact on British shoppers' prices that they are paying. Some 80% of our imports into supermarkets come from the EU. Only a marginal amount come from Australia, so even if it grows quite enormously over the next decade it is going to have a very limited impact on both availability and prices.

Q199 **Chair:** Will there be a little bit of reduction in Australian wine and the like? Do you not see your big retailers selling more wine?

Andrew Opie: I am told it is between 10p and 20p a bottle. I do not know, Chair, what you pay for your wine from Australia, but if you do the sums it is pretty small. I was going to say "small beer", but it is probably the wrong thing to say. It is small wine in the scheme of things. No, it is not going to make a big difference.

Q200 **Chair:** It is just interesting, because Australian wine is quite popular here, is it not? You are starting from a base where they probably would be able to, but do you think the amount would not make any difference?

Andrew Opie: No, it is almost rounding errors at that level, rather than necessarily something that is going to lead to a huge shift in the market.

Q201 **Chair:** Would potential lower prices through increased imports be welcomed by consumers, given the predicted rise in the cost of living? Andrew is saying that he does not see it is going to lower prices very much. What is your take as far as Which? and the consumer are concerned?

Sue Davies: The biggest issue for this trade deal is the impact that it will have on food standards. There will be some tariff reductions and there is the possibility, as Andrew just said, that those could feed through in a small way to reductions for consumers. We know that people welcome that, from our research, but with so many other factors influencing food



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prices our concern is that we know that people's overwhelming priority is about maintaining food standards and that should not come at the expense of tariff reductions.

Q202 **Chair:** Kate, surely your hospitality sector is going to be full of Australian steaks, is it not? What is going to happen?

Kate Nicholls: I would echo Andrew's general point that tariff reduction and the reduction of non-tariff barriers, which is always helpful, can give some indication of prices being able to move downwards. In terms of our imports into the UK, this is a very small proportion of what we import in hospitality generally. The biggest one is wine. The Australian market is the largest import market. It is about 9% of the total market, 23% of non-EU wine. For hospitality, that is helpful because it is sold a lot. On meat imports, we import about a third of our meat—about a third of the beef, I should say—but that is including Ireland. The majority of the beef sold in the UK, as well as the lamb, will be British and Irish. It is a very small proportion of the amount of the total market.

It may well substitute for other long-haul markets such as Argentina and those kind of areas. You may get some of those steaks being replaced from Argentina with Australia. However, it is about standards, it is about quality, it is about authenticity and it is about transparency in the supply chain so that our businesses can provide that communication through to their customers, who are quite concerned about some of these elements. I would echo what Andrew said: we do not see this as particularly being a big increase in imports and a reduction in price going through to British consumer in the short-term.

In our sector in particular, food pricing is set by many other major factors and anything that you do on wine is going to be offset by what the Treasury does on duty, particularly for higher-strength products. Equally on food price inflation, it is driven primarily by labour, labour costs and energy at the present moment in time, both of which will more than offset what is going on with tariff reductions. In principle, tariff reduction and removing non-tariff barriers is helpful.

Q203 **Chair:** There is a line of thought that the Australian beef in particular would compensate, or not compensate but take up part of the Irish market at the moment. Let me perhaps not talk about replacing only Irish beef, because you are a very broad church as far as the hospitality sector is concerned. Where you have outlets that want to sell steaks and they want to sell them competitively, surely there will be a temptation to stock particular Australian steaks if they are cheaper.

Kate Nicholls: The first preference that the supply chain has in hospitality is English, British and Irish beef, because of the quality of the product, the provenance and all the positive ESG messages that you would have with consumers. That is seen as a premium product. You can charge more for it. You label it and put it on the menu, and you outline it as being that. It is a very small proportion of the beef that is sold that is



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imported from around the world. As I say, the greater likelihood is that you have a substitution from other cheaper sources of beef if people are buying in bulk, with Argentina and some American beef coming in too, rather than it displacing our domestic production.

Where people in the hospitality sector do look at those elements is where they are buying large scale, large volume for our largest chains, where you have to have consistency of size. That becomes really important. I know it is outside the scope of this trade deal particularly, but whether it is steaks, chicken or chicken breasts you want to have consistency if that is what you are driving across. People will always look competitively at that, at being able to source what they can, but usually we cannot source as much of the British product and the Irish product as we would want to, and we know we would be able to sell just because there is a finite supply of it.

Q204 Chair: You do not think the Australians cannot produce the right size steak at the right price in the right quantity that will not be tempting. I will not name some of our major chains that might stock it, but one or two have been fairly open on the fact that they wanted free trade agreements with the rest of the world. You do not have to be a rocket scientist to work out who they might be. Do you not see that as a concern?

Kate Nicholls: People will always look at that and procurement in the hospitality sector is always quite competitive. People will look at those alternative sources. As I say, I just do not see that displacing domestic, because it is a different product that you are buying into. I can see it displacing other parts of the world as Australia competes with other marketplaces, but I do not see it happening in the short-term in any great volume and in any great value, because it forms such a small proportion of our imports generally.

Chair: That is a good point.

Q205 Mrs Murray: These questions are specifically aimed at Sue and Andrew. How important is the price to UK consumers in purchasing decisions compared to other factors, such as country of origin or the standards to which food is produced?

Sue Davies: Which? has undertaken a very in-depth piece of research, going on over the last few years, to really try and understand what people think about food standards, when we explain all the other issues that could be part of trade deals.

We have also done a lot of surveys, which show that food standards are really important to people. What is really interesting is when you include food standards among all of those other trade-offs, whether that is about data flows and digital trade or about reductions in tariffs on consumer products, food standards still come across overwhelmingly as something that people really care about and that they expect the Government to be making sure that we are not compromising on. That includes food safety



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standards but also animal welfare and environmental protection standards.

We did a survey last year where we asked about how people felt if we were allowing imported products to be brought in that were at a lower standard. It was pretty overwhelming: 91% in the case of food safety, 87% on animal welfare and 84% on environmental protection expected that we should be maintaining the same standards. From the more deliberative research we have done, we did this in five different locations with people from all walks of life, so it was as representative as it could be when you are having those kinds of in-depth conversations. We talked to people about how important price was, the trade-offs and how trade deals might play out.

What came across really clearly was that people were concerned about what the impact would be on people on lower incomes, people who always have to buy on price. At the moment, we have basic standards in place, so even if you are buying on price you have those protections in place. If we move away from those standards, people were worried that those people would always have to be buying on price, so you would have an artificial choice.

That is why we have concerns about what the deal means. In the previous session you heard about the reassurances around hormone-treated beef, which is positive and good that the Government have secured that, but we are worried about what the deal might mean longer term, particularly in terms of the SPS chapter where it talks about equivalence. We need to have a really transparent process with the Food Standards Agency and Food Standards Scotland involved to make sure that is not going to lead to a gradual unwinding of standards.

Similarly, in the technical barriers to trade chapter, in reference to international standards, we know that Codex standards are often lower than the standards that we have here. As you just went into a lot of detail on in the previous session, the market access provisions will mean that we will have a lot more products coming in that are produced to lower animal welfare and environmental protection standards. That is why we also feel it is absolutely fundamental to have these core standards put in place to protect people.

Andrew Opie: Building on what Sue said, people buy on value. They do not buy just on price, but price is obviously a really key component of what they are buying within that value. In red meat, probably price is slightly less important than it might be in more generic-type products, because people want to know about the provenance. There is an interest in country of origin, animal welfare in particular and maybe some of the environmental factors as well. Price will be perhaps less of an issue than it might be if you were buying potatoes or something like that, for example.



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In this market that we are going into today and looking forward, price becomes ever more important to consumers. We cannot ever neglect that. There is a balancing act for all retailers, and producers for that matter, to find the right balance in value that gives the consumers what they want but has the right price within it, if that makes sense. There is definitely going to be pressure on consumers going forward. The only area in which I would slightly differ from Sue is that there is often a difference between what people might say in a survey and how they execute that choice in a supermarket when faced with price decisions to make on a tough budget.

Within red meat and protein, there is still a lot of residual support for UK provenance and UK animal welfare standards when people are in a supermarket.

Q206 Mrs Murray: I am going to really put you on the mark now. Is it possible to quantify how much the consumer values these other factors? What premium would a consumer be willing to pay for product produced at higher standards, in your opinion?

Andrew Opie: It would be really difficult for me to quantify that. I can give you some examples. I was reading an AHDB report today that was saying, for example, that only 12% of pork is bought at higher welfare standards. Most of it is Red Tractor or AFS standard, what you would say is the standard production. That gives you some idea that there is a limit to how far people might go for higher welfare standards. That does not mean that they do not believe in residual baseline standards. That tends to be AFS, for our members at least. We are strong supporters of UK-produced food and UK AFS standards. There is that point, but there is definitely a premium.

What you might find is that people might switch out of species as much as switch country of origin, if that makes sense. They might go to salmon for protein or to chicken, for example, rather than beef or lamb, if it gets too expensive. There is definitely that breaking point that you have mentioned. The difficult thing to quantify is what percentage is putting "country of origin UK" on a packet of beef or beef mince, for example, compared to something else. That is difficult to assess, but it will become more of an issue for consumers in the next few years, without a doubt.

Sue Davies: I am afraid we do not have anything to add in terms of what the premium is that people are prepared to pay. We know from our regular consumer insight tracker that, unsurprisingly, food prices are a huge concern to people at the moment. A lot of people are having to change the way that they shop or having to trade down. Some people are missing meals as a result of the financial situation that they are in and rising food prices.

What is really key is that, at the moment, when we do that, and this is what our more qualitative research has shown, people believe they have a basic level of protection: that you are doing that and you are trading



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down but we still have standards that underpin it. If you want to pay more and you want to have that extra welfare, you can pay for that, but we still have high animal welfare standards as a baseline. People have the reassurance at the moment that, even if they are trading down, they have some form of protection. That is our concern: that, if you start to take that away or undermine that by allowing products in that are produced to lower standards, it will be those people who just have no choice. They will always have to buy on price.

Kate Nicholls: We are obviously in a slightly different situation, because people are paying for the overall experience and the dining out, as opposed to buying a commodity, and therefore it is less easy to see how it translates through. What we can see from consumers is that they respond positively to signals on menus that talk about those kind of issues and talk about country of origin, type of product or where it has come from locally. There is a high degree of localism, not just UK. You can see people willing to pay a premium for that. It echoes really what Andrew and Sue have said. There is an assumption of a baseline of standards.

The operator then will explain to you if there is something more that has gone into it and you have that regulation of labelling that goes alongside it that talks about free range and about organic, which tends to be where it comes from. There is less sensitivity in our consumers about country of origin. They like to be prompted and told where you have a positive story to tell. We do a lot of the work for them to go back through the supply chain to make sure that we are satisfied that the country of origin we are buying from and procuring from meets the standards that we know they will want to be in place. That is where our businesses work really hard to make sure that they are asking the standards that they need.

You will find that there is a legislative base and there is then a buyers' base as to what they want to have and what they are willing to stock, which goes back to any country of origin that you are buying from when it comes to environmental, animal welfare and food health. That is where the buyer will interrogate it quite robustly.

Q207 **Chair:** Andrew, you made the point that probably only about 12% of people may actually pay an increase in price. Do you not think that, when somebody goes into a retailer to buy, they actually think that the standards are all pretty good? Therefore, they will then buy on price. This is why we are looking into these trade deals. Having the right conditions of trade is important, because, once that Australian product is on the shelves of whatever supermarket or retailer it might be, surely they will say, "Well, it is probably of a reasonable standard. It has been imported into this country. So, if it is cheaper, why should we not buy it?"

Andrew Opie: That is a really good point, Chair, but I would turn it round, in that the retailer actually acts as the gatekeeper for those imports. It is not going to import Australian product and put it on its shelf if it does not meet the equivalent standards that are being required of UK



farmers here. I have talked with this Committee a number of times, for example when stalls and tethers were still allowed in Europe, about the approach that retailers took to that or the approach we took to enriched cages before they were phased out in other European countries. The standards in the trade deal are not wholly relevant to the standards a retailer will demand of their suppliers before they put it on the shelf, if that makes sense.

Although the standards in the trade deal may be at a lower level, that does not mean that retailers are going to go out and source that product. They will still go to Australia potentially and source product as they do now, but they will demand the standards that fit their brand because that is what the customer expects. Exactly as you have said, they expect equivalent standards when they come into that retailer. The standards in the trade deal are important for the market generally, but they are probably less relevant to what a retailer might be sourcing out of that country.

Chair: I thank you for that reassurance. I reckon we will invite you back one of these days to check that is exactly happening, especially when it might be lambs produced from ewes that have been mulesed. It will be an interesting point.

Q208 **Dr Hudson:** Thank you to our witnesses for being before us today. Defra is currently reviewing responses to a consultation on labelling, on which welfare standards could or should be mentioned on food labels. They are having a look at that now. What are your views on those proposals?

Andrew Opie: Our view is that we should not just be looking at animal welfare solely. We should be looking at all the parts of the label, the information and the provenance of the food that is important to customers. That is our starting point. Do not look at animal welfare in isolation.

Then, if we drill down into animal welfare, what we would say is that we are not against mandatory labelling. We have supported both voluntary and mandatory labelling around animal welfare, if it delivers something for the customer. For example, on voluntary labelling, we are wondering about some of the statements that are made at the moment around free range or grass-fed cows, for example, that you might have seen. These terms that are not actually in statutory legislation. Should there be a standard for those so that the customer is not misled?

Taking on from that, if you look at the Defra consultation on things like methods of slaughter and labelling, we would want to see the justification that that is important to customers when they are making the choice. That is the ultimate thing for labelling. Labelling does not drive standards. Brands drive standards, frankly, and our members do that by what they demand and work with their farmers to deliver. The label gives the customer an easy, quick and a confirmed choice to make when they are



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in the supermarket. That is what we would be looking for and that is what we have asked Defra.

Sue Davies: We welcome the consultation on animal welfare labelling. I would agree with Andrew that it is important to look at that as part of all of the information that is on the label. We are looking forward to seeing the White Paper from Defra and what that says about wider labelling information. For example, we know that people have generally been very supportive of the traffic light nutrition labelling scheme. From recent research, we know that people want much more information about the environmental impact of what they are eating.

Specifically on animal welfare, through *Which?* magazine, we have done quite a lot of comparisons of the standards that are available. We took a look at chicken and at red meat. We have done lots of explaining about what the different schemes mean. It is clear that there is often quite a lot of consumer confusion and it can be quite difficult interpreting what these schemes mean or just understanding the difference in standards that retailers might apply, which we were able to find only by asking them for that information directly. Having something clearer about animal welfare could be really useful.

Where we have concerns is if the idea is that, in introducing this, this is a way for us to address the issue about lowering standards, when it is not a substitute at all for allowing in products that are produced to lower standards.

In our consumer research we have asked people how they feel about labelling. People feel that it is not a substitute. It would be very difficult to actually make informed choices. That is because we are often talking about food eaten outside the home, which can be difficult. The Defra consultation is asking about that, but it can be more difficult to provide that information. We are often also talking about processed products where the meat could be one ingredient in a ready meal with lots of other ingredients or other types of meat. How do you actually get that information across to consumers?

The other really key issue is going back to the point that many people will have to buy based on price, as we were just talking about. At the moment, they have those basic standards and that choice is about whether you are going to pay extra to have even higher welfare standards. It would be an artificial choice, the idea that you have a label on it and therefore you are able to make that decision, because if you are having to buy on price it is not a meaningful choice.

Overall, it is really positive that they are looking at this, but the labelling argument is a red herring in relation to the standards debate. We need to have these core standards set out really clearly and a really clear process for how we apply those. It is not too late to try and address that in relation to the Australia deal, but we certainly need to be making sure



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that as we go forward we have a much clearer sense of what the standards are that need to be built into future deals.

Q209 Dr Hudson: Thank you, that is very helpful. The next part of the question to you, Sue, is about how effective the labelling is. Which?'s report sets out some reasons why the labelling may not be that effective in informing consumer choice. You have touched on this. Do you concur with that? What are the alternatives to labelling if that is the case, then?

Sue Davies: It is the point that I was just making really that labelling is really valuable. When we are talking about labelling it is not necessarily always just on the label anymore. People are shopping online. We have to look at ways that people can get the information in the way that they need depending on how they are shopping and whether they are eating outside the home.

People want more information and it needs to be clearly presented in an understandable way, but it is often claimed that if you just label it people can make a choice, particularly going back to the point about prices. It is often used as an artificial argument to enable lower-standard products to come in, when it would be very difficult for people to actually determine whether they were eating products that were produced to the lower animal welfare standards that have been discussed earlier, purely through a labelling scheme.

They can rely to some extent on brands and what brands are saying about that, but again that is very difficult. That is why we have to make sure that we have the core standards that set the minimum, but then labelling is really valuable in the case of animal welfare in enabling people to make choices if they want to go beyond that and pay more for that.

Q210 Derek Thomas: Andrew, can I pick up on the point that you made? I am just trying to understand a little bit about how retail and consumer behaviour would change. Today, as I understand it, we could import an awful lot more from Australia than we actually do, particularly around meat, under the current arrangement. I am unclear about why the FTA would suddenly fulfil some of the fears that we have heard from this Committee in terms of a sudden rush of poorly produced meat into the UK. I am assuming that Australia will not suddenly collapse its standards the minute it signs this FTA compared to what it has already.

Will the FTA actually change retail behaviour? Will they suddenly shift from where they buy beef and lamb today?

Andrew Opie: I honestly do not believe that is the case. If you look at even AHDB's figures, as I did yesterday, they were quoting that over 80% of all beef sold in supermarkets is from Britain. The vast majority of anything else over that 80% is from Ireland. Ireland is a massive and good producer of beef, primarily for beef mince in our case. The market for Australia to take in beef in particular is tiny, frankly. The fact that they are so far away and they already have markets available to them in



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the Far East means we are not necessarily a high-volume market for them.

There is an argument, as the Chair said earlier, maybe for steaks and things like that. That is not in our sector necessarily, because country of origin runs so strong with our customers. You will have seen that many of the supermarkets have a British-only standard as well, particularly for fresh products. I just do not anticipate, particularly in beef, we are going to see this.

Where we might see a little bit of movement is in lamb, but that would probably be to compensate for some of New Zealand production. They do not meet their quota, as you probably know already. Australia's quota is relatively small at the moment. There is some potential there but, again, overall in the balance between UK-produced lamb and imported lamb, in this case Australia and New Zealand, do I see that changing? No, because that is primarily seasonal. It is around legs. It is at certain times of the year it comes over. I do not think for a minute that they are going to be sending us lots of meat for manufacturing to go into our shepherd's pies, for example. It does not make sense for us in many different ways—sustainability, price, availability, provenance and all of those issues.

Q211 Derek Thomas: Sue, we have heard from lots of witnesses about their fear about what this FTA will open up. You have obviously expressed a concern. Are your fears unnecessary, do you think, about this FTA?

Sue Davies: I do not think so. As Andrew is saying, it remains to be seen what impact the deal itself will have across different sectors, and what it will mean in terms of what we are actually importing and the volumes. It is the precedent that it also sets for future trade deals that is really important. This was the first new deal beyond the Japan deal that the Government have established. We really wanted the Government to be taking a firm stance on food standards. As I have explained, they have partially done that because it is really good that they have responded to the public pressure around things like beef hormones, which people were really concerned about.

We need to be careful with some of those provisions around equivalence and what those really mean longer-term, and what processes are put in place for how those decisions are made about what is considered to be equivalence of standards, when we know that a lot of the time people are not just concerned about the end product, but about the production method. That is why, when we ask people, there is a high level of concern about maintaining environmental standards, animal welfare standards, as well as food safety standards. It is important in its own right but also what it means going forward.

Q212 Derek Thomas: I certainly hear what the risks might be. What I cannot understand is this. If we are not already exhausting what we could import from Australia, why would this FTA suddenly mean we would be flooding our market with cheap, poorly raised and produced meat?



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Sue Davies: To be honest, as Which? we cannot say that. The Government have highlighted this deal as a real success. When you look at the impact assessment, they are saying that it will mean more choice; it will mean lower consumer prices through tariffs to a limited extent, as we have heard about alcoholic drinks and semi-processed foods largely. It refers to the fact that the imports of beef from Australia will have an impact on greenhouse gas emissions because of the different production methods. There are indications that this could have an impact in a direct way, but also indirectly in terms of what it means longer term for our shift towards a more sustainable system of food production and the incentives that we have in the food system to drive that.

How it plays out in the market and how significant it is relative to all of the other things that are happening in the supply chain is something that is difficult for us to actually see. I suppose it is more for Andrew and Kate really.

Q213 **Derek Thomas:** I will be very brief with Kate. Kate, I represent West Cornwall and the Isles of Scilly. We eat a lot of prime cut steaks. We tried to help in the Covid recovery by eating as much as we possibly could, particularly when the price went down a bit. Do you understand what I am trying to get at in why consumer and retailer behaviour would suddenly change, particularly in your area where, as you said earlier, people want the provenance of what they eat?

Kate Nicholls: Yes, I can understand what you are getting at. The fact that there is an opportunity there for people to import and export, because there are huge opportunities for our farmers and our food producers in exporting as a result of this deal, does not mean necessarily people will. Equally, it does not necessarily mean that people will want to import at the lowest common denominator. Sue is right that there are issues around equivalence. Equivalence can be really helpful for us and it could be helpful in alleviating some of the challenges that we have in navigating EU imports too, as well as exports, provided we have clarity and transparency about what that means. The non-regression clause also helps to underpin that.

You are right. We are moving as a nation towards a higher standard of food that we want, to focus and prioritise on quality, not quantity, in a hospitality setting too. The other piece that I would add, and it ties in with Neil's question as well, is that we need to make sure that Government procurement standards are reflecting of this, to make sure that the quality of the food we eat and provide in the public sector also meets those. That is how Government can set a leadership role, by setting that out for our public sector catering.

Derek Thomas: I could not agree more with what all that you have said, but that last point absolutely is worth an inquiry on its own.

Q214 **Mrs Murray:** This again is to Andrew and Kate. I am really sorry to just keep focusing on two of you. Do you believe that the duty-free quota



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arrangement for sugar in the FTA will impact on where retailers or the food service sector source their sugar from?

Andrew Opie: From our perspective, a very small amount of own-brand sugar is sold. They are mainly sold by the two big brands, as you probably know: British Sugar and Tate & Lyle. For us, we tend to be selling other people's products or other brands, if that makes sense. The actual own brand is fairly small. Even if retailers were to change their sourcing policy, it would not have a massive impact on British production here. I am probably going to dodge that one and say that is probably one for Tate & Lyle and British Sugar, particularly Tate & Lyle, obviously.

Mrs Murray: It is just down the river.

Kate Nicholls: I would have to say the same as Andrew. That is for the major sugar providers. We would source again from them directly. We would not source directly from the producers. There is a potential for displacement, but it is not significant. I am not qualified to answer that one, sorry.

Q215 **Ian Byrne:** This is just to Kate. You are in demand for the last couple of questions. Does the FTA provide the UK hospitality industry with the potential to access commercially viable new supply chains?

Kate Nicholls: Yes, it does. Obviously, as we have said, it is about exploiting existing supply chains much more than it is about identifying new ones. Yes, there is an opportunity there.

Most importantly, the other element of the free trade agreement that the UK hospitality industry does think is going to be valuable is the movement of labour, those generous provisions around movement of labour, allowing people to come over for working holidays, sharing expertise and experiences of different hospitality venues and different hospitality styles. That has a huge opportunity for us to be able to develop that, get the learnings from some of the top chefs, top sommeliers, top waiters in Australia, and vice versa, to provide our young people with opportunities to travel and experience different hospitality markets abroad. It is really helpful.

Q216 **Chair:** Before I move on to the last two questions, the one part of question 13 that has not been covered, because I stopped asking it, was the idea that there is displacement. Australian beef will displace beef, particularly from Ireland. I will come to Andrew and then Kate on that one.

Andrew Opie: It is highly unlikely in our case because of the type of product that we are taking out of Ireland, which tends to be beef mince, and fresh beef mince at that. It is going to be very difficult for the Australians to displace that. The only potential would be on steak rather than what we are primarily taking from Ireland. For steak, there is still a very strong preference for British in supermarkets and for us to source British. It is limited, if I am honest. To displace Ireland is going to be very difficult, because it is such a great beef producer.



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Q217 **Chair:** Kate, going back to you, the hospitality sector will be very interested in Australian steak, will it not, if it is competitive?

Kate Nicholls: If it is competitive, yes, but I go back to my point that the overwhelming majority of the meat we source would be from domestic production, both Britain and Ireland. The displacement is not from domestic production or Irish production. It would displace Argentinian or other steaks from those other markets. That is the way we tend to focus on these trade deals—what it might do to our farmers. It is farmers around the rest of the world who are producing in an equivalent way and in a more intense farming way. That is where I see the potential for it to be displaced when operators are looking at it.

I go back to the fact that, for the operators and procurement providers who are sourcing it, they are sourcing it at the standards that would be appropriate for their brand in the UK market, rather than the rush to the bottom.

Q218 **Chair:** I still say to you, though, that there are parts of the hospitality sector that will buy entirely on price.

Kate Nicholls: Yes, potentially that is the case. Then there is the offset between quality and certainty of supply. Provenance and price will always come into it. I go back to the fact that the most price sensitive elements of the market are public sector catering and the large-scale contract catering. Again, it does not mean that price is the overriding consideration. People will want to make sure that there is no regression on standards.

Q219 **Chair:** We have more or less covered this. Does the FTA provide the UK hospitality industry with the potential to access commercially viable new food chains? We have covered that one. Then what impact will the change of tariff on both import and export of wines and spirits have on UK hospitality and the wider food sector? Again, we covered a bit of that. Where do you see that?

Kate Nicholls: We did cover it earlier. Given that you have a significant market for Australian wine in hospitality, the reduction of tariffs and of tariff barriers for that will improve access but, as Andrew says, it is going to be small amounts of cash. It is going to be more around consumer choice.

Q220 **Chair:** Staffing remains an issue for the hospitality sector. Do any of the provisions in the FTA help provide a solution to these shortages? More young people are going to be invited in from Australia. Do you see that as an opportunity?

Kate Nicholls: Yes, we do welcome that as part of the free trade agreement. We would like to see that replicated in future free trade agreements. That freedom of movement and generous provisions for youth mobility in particular, the three years for under-35s, are really helpful in providing that fluidity of labour as people move around.



Provided they do not have a shortage of labour in Australia too, that would provide a welcome opportunity. We know that the UK market, because it is seen as a world-class hospitality market, a good place to learn your trade and where you will get investment in skills and training, is attractive to young people from around the world who would want to come.

Q221 **Chair:** That would be particularly in the hospitality trade, would it not? I do not know whether it would be retail trade or others particularly.

Andrew Opie: It would not have any impact on us. The other thing is that it does not address the significant shortfall of labour that we are already seeing in UK food production in this country, which is in some ways a much more serious issue.

Q222 **Chair:** Do not worry. We have taken your evidence before and we are working on that, I assure you. We do need enough workers to process our food.

How could the Government improve the engagement process with businesses when negotiating future free trade agreements? There is an argument that other countries appear, certainly on the face of it, to contact their businesses much more about the effects of a trade deal. From your point of view, Andrew, do you feel that enough contact was made by the Department for International Trade?

Andrew Opie: There are two things. I was on the Trade and Agriculture Commission, and there was a lot of interest from our members at that time. The disappointing approach to the trade deal that has been taken, which has ignored certain key elements of the Trade and Agriculture Commission's report, has led people to think, "What is engagement actually going to change in terms of the Department for International Trade's approach to these trade deals anyway?" We have not engaged that much really with the new Trade and Agriculture Commission. I am on the trade advisory group under the DIT's group. That tends to be more for updates than really for input. I am not sure there is really a great appetite to hear from us what we would like to see.

At the end of the day though, in some ways it becomes irrelevant, because if the standards are set too low we will not source there anyway, because it will not meet our brand values. It becomes a difficult conversation, but I am not sure the engagement has been fantastic.

Q223 **Chair:** As we do trade deals, if business has particular shortages of a commodity or labour, for instance, surely it would be much more relevant that the Department for International Trade talked to business first before entering into this trade agreement.

Andrew Opie: If I go back to the TAC report, the great thing about that is that it sets some basic principles for how we should be approaching all of our trade deals. Certainly, one of the chapters that we pushed very hard for in that report was around ethical labour in supply chains, for



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example, as well as animal welfare and environmental standards. We had hoped, as we became a free trading nation, and we came away from the EU and were able to negotiate our own trade deals, that would then set the template for the way we approached these trade deals. We did put a lot of energy into it at that time.

Because big chunks of that were ignored, now we just assume the Government have their own agenda in terms of the trade deals and they will get on and do it. They will make some opportunities for us, but we will still source what is relevant for the UK consumer.

Chair: Kate, do you have any last comment?

Kate Nicholls: All three of us sat on the Trade and Agriculture Commission. I chaired the consumer group that was looking at some of these very pertinent issues around standards, labelling, food health and environment. It is disappointing that that was not taken more seriously and did not have as much cut-through.

However, it is helpful to have the machinery available to be able to make use of it at the appropriate time: consultations on negotiating standards and negotiating principles in advance of starting a trade deal; the trade advisory groups to be able to do that and to touch base. As Andrew said, they became quite mechanical. There is more broadcast than reception, but there is an opportunity at least to be able to flag it if there is a really pressing issue of concern. We are not representing exporters and importers other than of people—tourists, visitors and workers. I am not as close to the discussions as perhaps some of the food manufacturers would be that are directly exporting out. The engagement does happen in a very narrow framework, I would observe.

Sue Davies: Yes, I would agree with that. I am on the Strategic Trade Advisory Group and we sit on the technical barriers to trade thematic working group. I was on the subgroup of the Trade and Agriculture Commission. One of our concerns was that there was not actually consumer representation on the overall commission, and that is still the case with the new commission. Where there is a gap is having input into the text in a way that makes a difference before the deal is signed. Those discussions are at a very high level where different views might be shared, but having a way to understand and feed in across all stakeholders to say what the implications might be soon enough in the process is crucial.

There is still a lot more that can be done around public engagement more generally. I have talked about some of the efforts that we have gone to, to engage people in trade deals. If you do it in the right way, people get really interested and motivated. The Government still need to do a lot more by, rather than seeing it as explaining what trade deals are, actually listening throughout the process.

Chair: Thank you. We have finished on a very good note there, because



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what you have shown is that very often, where farmers have a vested interest, they will want to keep those standards. It is almost a trade distortion with the new trade deal. What is interesting here is that everybody, consumers and retailers, seems to be pulling together to want these core standards in deals. I relate exactly to what you have said, Sue. The more that we, as a Government, came forward to explain to people what the trade deal was about, the more they would accept the trade deal in the end and the more we could all live together. I thank you for that.

I thank you for the evidence this afternoon, because it is again a very good and interesting panel. All of you, thank you very much, because we will put this in our evidence when we have our final decisions on the trade deal. We will have the Trade and Agriculture Commission before us probably later this month or early next. It is going to be interesting to see what they have to say. Thank you all very much.