



House of Commons  
Environment, Food and Rural  
Affairs Committee

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# Australia FTA: Food and Agriculture

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**First Report of Session 2022–23**

*Report, together with formal minutes relating  
to the report*

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## The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Environment, Food and Rural Affairs and associated public bodies

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### Committee staff

Alexander Bellis (Committee Specialist), Ian Blair (Committee Operations Officer), Mark Doyle (Media Officer), Andy French (Committee Specialist), Ellie Goodchild (Committee Specialist), Tim Jarrett (Second Clerk), Annabel Russell (Committee Operations Officer), Chloe Sawyers (Committee Operations Manager) and Ben Williams (Committee Clerk).

### Contacts

All correspondence should be addressed to the Clerk of the Environment, Food and Rural Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 1119; the Committee's email address is [efracom@parliament.uk](mailto:efracom@parliament.uk).

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## Summary

The UK-Australia Free Trade Agreement removes most tariffs on trade in goods between the UK and Australia. While most sectors are forecast to benefit from the deal the Government's own analysis predicts that the agriculture and food sectors will be worse off. There have also been concerns about an increase in cheap imports undercutting UK producers, which potentially could reduce their market share, and undermining the UK's standards on animal welfare, animal health and the environment. We have examined the deal and our main findings are:

- **Some witnesses told us that there is unlikely to be a significant immediate impact on UK cattle and sheep farmers.** Australia does not send the UK all the meat they could under current rules as they have more lucrative markets closer to home at present. However, after 15 years there will be no limit on imports. The Government must monitor the impact on the sector closely and develop plans to intervene should this be necessary.
- **The meat volume limits were agreed based on weight,** which may risk undermining the domestic market for certain cuts by allowing Australian imports to focus on the most profitable part of the market. **We recommend that in future deals these limits are negotiated on the basis of carcass weight equivalents.**
- **The Government must aid the sector to make up any losses it suffers through additional support for exports.** Given the Government estimates that the agriculture and food related sectors will be £278m worse off as a result of the deal, the Government should commit to increasing the value of UK food and drink export by at least £278m in its new trade strategy, through additional export promotion and tariff reduction. If necessary, it should increase its investment in export promotion to ensure it reaches this target.
- **In practice it appears unlikely that food produced to lower animal welfare standards will enter the UK as a result of this deal.** Given this, it is disappointing the deal did not go further on animal welfare and include more far-reaching provisions that would have shown greater global leadership in this area.
- **We welcome that the Government has ensured its ban on hormone treated beef is protected by this deal.** The Government needs to ensure it continues to uphold this and its restrictions on antimicrobial carcass washes (chlorinated chicken) in future trade agreements. It must also set out a plan for how it will resource a verification system which ensures these bans are being enforced and to monitor animal welfare standards.
- **To help protect standards in future trade deals the UK should commit to core standards that food products must meet before they can enter the UK.** These would cover animal welfare, health and the environment. Committing

to such standards would reassure the sector about the Government's commitments to high standards and strengthen the hand of UK negotiators when raising these issues with other countries.

- **The Government should learn lessons from this trade deal to improve processes for the future.** It must reform how it communicates with stakeholders to provide meaningful dialogue which enables the Government to make use of their knowledge and expertise. It must also properly resource the Trade and Agriculture Commission so it is able to scrutinise future deals including UK accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

# 1 Introduction

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1. The UK and Australia signed a free trade agreement (FTA) in December 2021. It was the first “new” trade deal negotiated since the UK left the EU. The deal will remove most tariffs on trade in goods between the UK and Australia.<sup>1</sup> The Government estimates that the deal will increase UK GDP by 0.08%, £2.3bn, by 2035.<sup>2</sup>

2. The Government’s impact assessment considers the affect the Australia deal will have on 23 sectors of the UK’s economy. It forecast a positive impact on 20 of these sectors, but two of the sectors that will be negatively affected are “agriculture, forestry and fishing”, and “semi-processed foods”.<sup>3</sup> Unsurprisingly, this pattern of impact has also been reflected in the wider reaction to the trade deal—while many business groups, including the British Chambers of Commerce and Federation of Small Businesses, welcomed the deal,<sup>4</sup> the reaction from farming groups has been more critical, with the National Farmers Unions describing it as “one-sided”.<sup>5</sup> There have also been concerns expressed about the deal undermining the UK’s commitment to high animal welfare and environmental standards.<sup>6</sup>

3. Given these concerns we decided to look into the implications of this free trade deal for the food and farming sector. We launched our inquiry on 17 December 2021, to examine:

- the impact the agreement will have on consumers, farmers, food producers, retailers and exporters;
- whether the deal will reflect the UK’s commitment to high animal welfare and environmental practice and provides a level-playing field for UK producers, and
- the implications for future trade deals with other countries.<sup>7</sup>

While this inquiry focused on the UK-Australia FTA, we also took some evidence on the UK-New Zealand FTA, which the Government signed part-way through our inquiry, as many of its provisions are similar. This Report looks only at food production and the farming sector; we have not attempted to come to a judgement on the deal as a whole or any trade-offs that may have been made between the agri-food sector and other parts of the economy.

4. We held six oral evidence sessions with farming groups, producers, retailers, consumer representatives, academics and environmental bodies. We also took evidence

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1 House of Commons Library, [UK-Australia Free Trade Agreement](#), Research Briefing, 4 March 2022 (accessed 7 April 2022)

2 UK Government, [Impact assessment of the FTA between the UK and Australia: executive summary](#), Macroeconomic impact (accessed 13 May 2022)

3 UK Government, [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia](#), Table 3, page 30 (accessed 13 May 2022)

4 House of Commons Library, [UK-Australia Free Trade Agreement](#), Research Briefing, 4 March 2022 (accessed 7 April 2022)

5 [UK-Australia trade deal does little for UK farmers says NFU \(nfuonline.com\)](#)

6 These issues are discussed in more detail in Chapter 3.

7 The full terms of reference can be found on the Committee [website](#).

from the Australian and New Zealand High Commissioners, the Trade and Agriculture Commission,<sup>8</sup> and Government ministers. We are grateful to all those who contributed to our inquiry.

### **Next steps**

5. The Constitutional Reform and Governance (CRAG) Act 2010 sets out the process for Parliament's consideration of international treaties, including free trade deals. It provides for a minimum period of 21 sitting days between the Government laying the terms of the agreement before Parliament and that agreement being ratified, during which time Parliament could vote to delay ratification.<sup>9</sup> The Government started the CRAG process on 15 June and said it would "seek to accommodate" a parliamentary debate during this time, if one were requested by the Commons International Trade Committee or the Lords International Agreements Committee.<sup>10</sup> We are publishing this Report to inform any such debate in the House.

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8 The Government independent advisory body on whether trade deals are consistent with UK standards for animal and plant health, animal welfare and the environment.

9 Constitutional Reform and Governance Act 2010, section 20

10 House of Commons Library, [UK-Australia Free Trade Agreement: Agreement in Principle](#), Research Briefing, 2 September 2021 (accessed 7 April 2022)

## 2 Impact of the trade deal

6. The UK-Australia Free Trade Agreement (FTA) removes tariffs (payable duties) on a wide range of agri-food products entering the UK market from Australia - including beef, sheep meat, sugar, cereals, dairy and wine. Australia could already import some amount of these goods to the UK without paying any tariff under its existing tariff rate quotas (TRQs)—which determine the quantity of product that can be imported without incurring any tariff charges. The amount of product that can be exported tariff free to the UK will increase over a period of several years—varying for each good—with trade being fully liberalised after 15 years. Any imports above the annual volumes will still be subject to a tariff charge (the UK Global Tariff), which is set at the same rate for all countries where a trade agreement is not in place.

7. The deal also removes tariffs on UK exports to Australia. While Australia already had no, or very low, tariffs on many agricultural goods covered by this trade deal, there have been more significant reductions for some goods, including cheeses and spirits.<sup>11</sup> The impact on UK exporters is considered in more depth later in this chapter.

8. The UK Government Impact Assessment (IA) estimates that by 2035 UK GDP overall will have increased by £2.3bn (0.08%) due to this deal. For the agri-food sectors, specifically, the picture is more equivocal, with the net impact across all agri-food sub-sectors being a reduction of £278m. Table 1 provides a more detailed breakdown.

**Table 1: Table 1: Impact of UK-Australia FTA on food and farming related sub-sectors in 2035 compared to 2019**

Sub-Sector	% Change in GVA	Change in GVA, £ millions,	% Change in sector share of total UK GVA
Agriculture, forestry, and fishing	-0.70%	-94	-0.01
Beverages and tobacco products	0.10%	12	0.00
Other processed foods	0.14%	29	0.00
Semi-processed foods	-2.65%	-225	-0.01

Source: Government Impact Assessment

9. Before considering the impact on livestock farmers, which was the focus of the evidence we received, we comment briefly on the other estimated effects of the deal:

- **Sugar production.** The UK sugar industry has two distinct sub-sectors based on which raw material—sugar beet or sugar cane—is used to produce the final products. Australia is an exporter of sugar cane, and the deal reduces tariffs on this product being imported to the UK. Tate & Lyle Sugar, which produces sugar from imported cane, have welcomed the deal for providing access to a wider

range of suppliers.<sup>12</sup> In contrast, the National Farmers Union (NFU), which represents domestic sugar beet growers, argues the deal “increases the risk that the market is not able to deliver the returns needed to support beet growing.”<sup>13</sup>

- **Hospitality. The sector** has welcomed the deal as a potential provider of commercially viable new supply chains and the “generous provision” around the movement of labour allowing young people to have “working holidays” and allowing exchanges between senior staff in the sector.<sup>14</sup>
- **Consumer Prices.** The Government’s evidence says the **potential** increase in imports “could bring benefits to consumers, with more choice and lower prices” but does not attempt to quantify these benefits.<sup>15</sup> Andrew Opie, British Retail Consortium, told us the initial impact on prices was “likely to be negligible,”<sup>16</sup> a proposition that UK Hospitality broadly agreed with.<sup>17</sup> Defra Minister, Victoria Prentis MP, told us that she did not think the deal would have a significant impact on food prices.<sup>18</sup>

## Impact on cattle and sheep farmers

10. Cattle and sheep farmers have been one of the groups most concerned about the FTA.<sup>19</sup> The TRQs for beef and sheep meat from Australia are currently 4,000 tonnes and 13,500 tonnes respectively. This increases to 35,000 and 25,000 respectively in year 1 of the FTA, 110,000 and 75,000 in year 10 and 170,000, and 125,000 in year 15, after which all restrictions are removed.<sup>20</sup> The limits each year are set out in Table 2 below. To put these figures in context, the UK currently consumes around 1,097,000 tonnes of beef a year and 287,000 tonnes of sheep meat (2017–19 average).<sup>21</sup> Therefore the 15-year limit represents 15% and 44% of UK beef and sheep meat consumption. There is no limit on imports after 15 years.

**Table 2: Volume of beef and sheep meat that can be imported without tariff**

Year	Beef (tonnes)	Sheep (tonnes)
1	35,000	25,000
2	43,333	30,556
3	51,667	36,111
4	60,000	41,667
5	68,333	47,222
6	76,667	52,778
7	85,000	58,333
8	93,333	63,889

12 Tate and Lyle ([AFTA0026](#)), para 1

13 National Farmers Union ([AFTA0023](#)), para 2

14 [Q215](#)

15 Department for Environment, Food and Rural Affairs ([AFTA0024](#)), section 2

16 [Q201](#)

17 [Q202](#)

18 [Q414](#)

19 National Beef Association ([AFTA0004](#)), National Sheep Association ([AFTA0009](#))

20 The nature of the limits in years 11 to 15 are different, as discussed later.

21 Derived from: AHDB, [The impact of a UK-Australia free trade agreement on UK agriculture](#), November 2021, p6&8.

Year	Beef (tonnes)	Sheep (tonnes)
9	101,667	69,444
10	110,000	75,000
11	122,000	85,000
12	134,000	95,000
13	146,000	105,000
14	158,000	115,000
15	170,000	125,000

Source: UK-Australia Free Trade Agreement

11. Farming groups we spoke to were concerned that these changes will allow Australian producers to significantly increase the volume of beef and sheep meat they send to the UK, undercutting domestic production. The NFU told us that the cost of beef production in Australia is 2.5 times less than that of UK farmers and sheep meat production is 65% cheaper in Australia,<sup>22</sup> which has given rise to concerns that UK producers will be unable to compete with these imports on a cost basis, even factoring in current transport costs. These lower production costs are attributed to three main factors:

- a) Natural geographic and climatic advantages—for example the warmer weather means that cattle can be kept outside for longer.<sup>23</sup>
- b) Differences in industry structure and farm size between the two countries. The average farm size in Australia is 4,331ha (10,700 acres), while average farm sizes in Wales, England and Scotland are 50ha (125 acres, 1.2% of Australian average), 90ha (222 acres, 2.1%) and 100 ha (447 acres, 4.2%) respectively.<sup>24</sup> However direct comparisons in size are difficult to make as they do not account for potential differences in the quality or the productivity of the land.
- c) Differences in animal welfare, animal health and environmental standards, most of which, it is contended, add additional costs to UK producers.<sup>25</sup>

12. The farming groups we spoke to were very pessimistic about the impact of the agreement. The National Sheep Association argued that the deal will have “damaging consequences” for the UK sheep industry,<sup>26</sup> while Neil Shand, Chief Executive, National Beef Association (NBA), told us that his sector could see “no good news” from this deal.<sup>27</sup> The NBA also argued that any reduction to production as a result of this deal would damage UK food security.<sup>28</sup> Minette Batters, President, NFU, summarised the sector’s position saying “there appears to be very little in here that benefits UK farmers [while] ‘there is much to please our Australian counterparts who have successfully negotiated huge wins for their highly proficient agri-food exporters.’”<sup>29</sup>

22 National Farmers’ Union (NFU) (AFTA0017), para 32

23 National Farmers’ Union (NFU) (AFTA0017), para 32

24 Farmers’ Union of Wales (AFTA0012), para 25

25 Q42, National Sheep Association (AFTA0009). We consider the issue of standards in more detail in Chapter 3

26 National Sheep Association (AFTA0009), para 1

27 Q20

28 National Farmers’ Union (NFU) (AFTA0017), para 62

29 NFU Online, [Minette Batters The detail of the UK’s deal with Australia](#), 29 December 2021, (Accessed 13 May 2022)

13. The sector also emphasised that the FTA would be introduced at a time when it was already facing several other significant challenges including: the phasing out of Basic Payments and introduction of Environmental Land Management Schemes,<sup>30</sup> labour shortages,<sup>31</sup> difficulties exporting products to the EU,<sup>32</sup> environmental regulation<sup>33</sup> and other changes to improve the sector’s climate change performance.<sup>34</sup>

14. The Government’s impact assessment forecasts a reduction in gross output of around 3% for beef and 5% for sheep meat,<sup>35</sup> and ministers acknowledged that agriculture was not one of the sectors benefiting from this deal.<sup>36</sup> Minister Prentis said that she wanted to ensure agriculture was not “disproportionately” affected, and that—as a whole—Government policy reforms, focusing on payments for public goods would make the UK “genuinely a really good place to farm.”<sup>37</sup>

15. The Government’s own submission accepts that its impact assessment has a number of limitations and during the inquiry witnesses raised several factors that might reduce the impact of the FTA on domestic producers. These included:

- a) **Quota under use.** The increase in a TRQ does not mean the quota will be taken up. Currently Australia does not use all its current quota allowances, using approximately 69% of its sheep meat quota, and only 24% of its beef quota, in 2021.<sup>38</sup> The Australian High Commissioner told us that Australia did not have capacity to increase its production to respond to an increased quota.<sup>39</sup>
- b) **Attractiveness of other markets.** We heard that current trade with other countries, particularly China and other countries in East Asia was more profitable for Australian meat exports, with these trading partners willing to pay “much higher prices than the UK”,<sup>40</sup> and with lower transport costs. As the Australian High Commissioner put it, Australia “cannot meet the demand we have from our near north at the moment”.<sup>41</sup> James Clarke, UK Deputy Chief Negotiator, told us that “current prices and trade volumes around the world” were a significant factor in the UK Government agreeing to the quota levels contained in this agreement.<sup>42</sup>
- c) In response to this, several UK groups noted the potential instability in Australia’s trade with China, with China imposing new trade restrictions on Australian

30 The Committee has considered this in the Report on, [Environmental Land Management and the agricultural transition](#), Second Report of the Session 2021–22, HC 78

31 Considered in the Committee’s Report on, [Labour shortage in the food and farming sector](#), Fourth Report of the Session 2021–22, HC 713

32 Considered in the Committee’s Report on, [Seafood and meat exports to the EU](#), Eighth Report of Session 2019–21, HC 1189

33 Dairy UK ([AFTA0014](#)), para 4b

34 Dairy UK ([AFTA0014](#)), para 4e

35 UK Government, [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia](#), Box 2: Agri-food impacts in the FTA, page 32 (accessed 13 May 2022)

36 [Q391](#)

37 [Q391](#)

38 Derived from: [ahdb.org.uk/beef/beef-trade](http://ahdb.org.uk/beef/beef-trade) | [ahdb.org.uk/lamb/sheep-meat-trade](http://ahdb.org.uk/lamb/sheep-meat-trade) and

[awe.gov.au/biosecurity-trade/export/from-australia/quota](http://awe.gov.au/biosecurity-trade/export/from-australia/quota)

39 [Q257](#)

40 [Q92](#)

41 [Q246](#)

42 [Q403](#)

agricultural exports,<sup>43</sup> including suspending exports from some Australian beef producers<sup>44</sup> and imposing high tariffs (anti-dumping duties) on Australian wine and barley which Australia is challenging in the WTO.<sup>45</sup> Should Australia-China trade stop or become limited, it could lead to more Australian product entering the UK. However, differences in product types (consumer preference for different cuts of meat<sup>46</sup>), and the number of other markets Australia has access to, made it unclear how much of any displaced trade with China might be diverted to the UK.<sup>47</sup>

- d) **Displacing imports.** Analysis from the Agricultural and Horticultural Development Board (AHDB) suggests increases in Australian imports would be likely primarily to displace imports from other countries such as Irish beef and New Zealand lamb.<sup>48</sup>
- e) **Seasonality.** It was argued that given the seasonal differences between UK and Australia, and therefore the different time of the year when livestock are reared, Australia production could complement UK production. This could increase consumer choice by increasing the availability of certain types of cuts throughout the year.<sup>49</sup>
- f) **Retailer and customer preference.** Defra argued that there are strong ‘Buy British’ trends in meat consumption, with 81% of retail sales of beef in the UK being under the British logo, and several large supermarkets selling only British beef.<sup>50</sup> Andrew Opie, British Retail Consortium, made a similar argument saying “within red meat and protein, there is still a lot of residual support for UK provenance.”<sup>51</sup> Kate Nicholls made similar points in relation to the hospitality sector, saying the “first preference” of the supply chain was British and Irish beef due to its quality.<sup>52</sup> AHDB’s modelling reflected this, forecasting that most Australian imports will go into the food service or processed food sector where it will largely be competing with other imports.<sup>53</sup>
- g) **Forecasting challenges.** As noted earlier there are limitations to the forecasting in the Government impact assessment. The AHDB, which used a more sophisticated model, forecasts no change in UK beef production and prices,<sup>54</sup> and only a 0.1% reduction in domestic sheep meat production and prices.<sup>55</sup>

16. While some of the factors above were contested by the sector, there was a general acceptance that any impact on the sector was likely to take a while to manifest. Neil

43 K Sullivan, [China’s trade sanctions on Australian agriculture force farmers to find new markets](#), ABC Rural, 13 February 2021.

44 K Sullivan, [China’s ban on Australian beef costing hundreds of millions and putting people out of work](#), ABC Rural, 8 December 2020.

45 DFAT, [Summary of Australia’s involvement in disputes currently before the World Trade Organization](#)

46 [Q251](#)

47 [Q92](#)

48 [Q92](#), AHDB, [The impact of a UK-Australia free trade agreement on UK agriculture](#), November 2021, p36

49 Meat & Livestock Australia ([AFTA0010](#))

50 Department for Environment, Food and Rural Affairs ([AFTA0024](#)), section 2

51 [Q205](#)

52 [Q203](#)

53 AHDB, [The impact of a UK-Australia free trade agreement on UK agriculture](#), November 2021, p55

54 AHDB, [The impact of a UK-Australia free trade agreement on UK agriculture](#), November 2021, p56

55 AHDB, [The impact of a UK-Australia free trade agreement on UK agriculture](#), November 2021, p51

Shand, National Beef Association, said changes in tariffs were “probably not” a threat immediately, but could be in the medium to long term.<sup>56</sup> Peter Hardwick, Meat Processors Association, agreed, saying that this was not an “immediate risk” but caveated this by saying that if Australia did fill its quota, either by increasing production or shifting its exports, that it would be an “existential threat to British beef or sheep meat producers”.<sup>57</sup>

### Safeguards

17. The UK Government has also argued that it has secured protection for the agricultural sector through three safeguards:

- a) The first is that the tariff free quota access increases in stages, as set out above, over ten years with higher rate duty applicable above these volumes.
- b) Secondly, in years 11–15, there will be product-specific safeguards, which apply a duty of 20%, by value, to imports over specific volumes.
- c) Finally, there is the general bilateral safeguard mechanism (which applies to the whole deal) which allows the Government to increase tariffs or suspend further tariff liberalisation for up to 4 years if a sector suffers serious injury from increased imports due to such liberalisation. This measure can be provisionally applied for 200 days pending a full evidence-based investigation.<sup>58</sup>

18. The sector has questioned the effectiveness of these safeguards. Nick von Westenholz, Director of Trade and Business Strategy, NFU, told us that the NFU had “more than a bit” of a question mark about their effectiveness describing them as both ‘limited’ and ‘time limited’.<sup>59</sup> With the TRQs and later product-specific safeguards, that fact that they only have an impact if imports increase significantly, was seen as the major factor limiting their effectiveness.<sup>60</sup> Peter Harwick, Trade Policy Adviser, British Meat Processors Association, said “the product-specific safeguards are completely useless, because of the absolute volumes.”<sup>61</sup> In the first year of the FTA beef exports would have to increase by approximately 3,700% and sheep meat by approximately 170% for the TRQs to have an impact, and these figures increase significantly in future years.<sup>62</sup>

19. On the general bilateral safeguard mechanism, the sector was concerned about the difficulty in demonstrating harm to the sector clearly as a result of this deal, rather than other factors, which would be required to allow the Government to trigger this safeguard.<sup>63</sup> They also questioned whether the safeguard could be introduced quickly enough to provide meaningful support to the sector.<sup>64</sup> Neil Shand, National Beef Association, recommended that the Government should link its assessment of harm to changes in farm gate prices and Defra should commit to intervening if prices fell below a certain pre-set level.<sup>65</sup>

56 [Q10](#)

57 [Q16](#)

58 UK Government, [UK-Australia Free Trade Agreement: agri-food explainer](#), “Safeguarding our farmers” accessed 13 May 2022

59 [Q6](#)

60 [Q6](#)

61 [Q6](#)

62 Derived from AHDB beef and sheep meat imports from Australia for 2021 vs 1st year FTA TRQ volumes [www.Ahdb.org.uk/beef/beef-trade](http://www.Ahdb.org.uk/beef/beef-trade) | [www.Ahdb.org.uk/lamb/sheep-meat-trade](http://www.Ahdb.org.uk/lamb/sheep-meat-trade)

63 [Q6](#)

64 [Q5](#)

65 [Q6](#)

20. When we raised the time-limited nature of the safeguard, James Clarke, UK Deputy Chief Negotiator, said that the sector had wanted a long transition period and the 15-year timeframe “was a direct result” of the Department for International Trade’s engagement with the farming sector.<sup>66</sup> He said that when the safeguards expired “Australia can trade on the same basis that the EU can currently trade.”<sup>67</sup> Ministers stressed that they would be closely monitoring the impact of the deal via TRQ updates, ONS figures and the farm business survey, and mentioned that there would be formal reviews of the trade deal every two years and a deep dive in year five.<sup>68</sup> Mr Clarke also mentioned that there would be a formal review in year seven arguing that this meant “if there is an impact, it is not as if there is nothing we can do.”<sup>69</sup>

**21. We understand the concerns that UK cattle and sheep farmers have raised about the impact of additional competition from Australian imports under the UK-Australian FTA, but other witnesses advised us that the immediate risk appears to be limited. However, as recent events in Eastern Europe have demonstrated, circumstances can change rapidly leading to sudden shifts in food production and trade patterns. We therefore welcome the Government’s commitment to regular monitoring of the impact of the deal and the information they provided about how this monitoring would be carried out.**

**22. While the Government has argued that it has secured three safeguards to protect farmers it appears to us that only the general bilateral safeguard mechanism offers any real protection. The volumetric safeguards would only kick in if there were a truly massive increase in Australian red meat imports and, crucially, would only prevent the arrival of further imports rather than address any damage already caused by export permitted within the tariff rate quotas. We call on the Government to publish the tests it will use to decide whether and when the general bilateral safeguard mechanism in the UK-Australia FTA should be triggered. Ministers should also set out the policy interventions it would consider using to address any harm that was being caused to the agri-food and farming sectors.**

### **Approach to negotiating the tariff rate quota for red meat**

23. One specific concern sectoral representatives raised with volume-based safeguards was that Australia could increase its exports to the UK by significantly less than the permitted volumes and still have a detrimental impact on UK producers. This is in part because the quota is quantified by weight not value and without internal differentiation in the quota between the kind of meat that can be exported, for example whether its lower value cuts, such as bone-in hindquarter and forequarters, or high value cuts such as striploin.<sup>70</sup> It was argued that, if Australia’s exports focused on the high value cuts this could be particularly damaging to UK producers as these are the products where farmers make the majority of their profits.<sup>71</sup>

24. Peter Hardwick, BMPA, argued this approach lacked “nuance” pointing out that in other trade deals, such as between the EU and New Zealand, a co-efficient was applied to

66 [Q408](#)

67 [Q408](#)

68 [Q413](#)

69 [Q412](#)

70 [Q4](#)

71 [Q4](#), [Q17](#)

boneless cuts so that the same weight of valuable cuts used up more quota than the same weight of less valuable meat.<sup>72</sup> He reported that when the UK industry had raised this issue with the Government, after seeing the draft deal, the sector was told that making changes to the deal to reflect these concerns was “not going to happen.”<sup>73</sup> When we raised this issue with the Government, Mr Clark told us that “Australia’s other FTAs are measured in metric tonnes” so the proposal was “absolutely no surprise” and referred again to the safeguard that Government had negotiated.<sup>74</sup>

***25. In future negotiations the Government should ensure that its approach to negotiating changes to tariff free access to the UK meat market is more sophisticated than just weight of gross products and can differentiate between different cuts of meat—by using a carcass weight equivalent approach or similar—to mitigate the risk that the focus of new imports entering the UK markets is on the cuts where UK producers make the majority of their profit.***

## Impact on exporters

26. The export of food and drink makes an important contribution to UK’s agri-food sector, with exports being worth £21.7 billion in 2020.<sup>75</sup> This included 170,000 tonnes of beef and 95,000 tonnes of lamb, 18.9% and 31.7% of domestic production respectively. More recent figures from the AHDB show that exports of red meat from the UK were worth more than £1.45 billion in 2021–up £33 million [from] pre-pandemic [levels].<sup>76</sup>

27. As mentioned earlier, Australia already has low, or no, tariffs for most food imported into the country. This reflects Australia’s policy of liberalisation in agricultural trade and the fact it is a net exporter of most agricultural goods. Due to this, many witnesses felt that the opportunities for exporters from this deal were limited.<sup>77</sup> However, the NFU’s submission noted that there could be direct and indirect benefits for farmers from increased exports of processed products, for example cakes, biscuits and cereal preparations, to Australia.<sup>78</sup>

28. Defra’s evidence focused on the potential for the spirit sector, arguing that the removal of a 5% tariff on gin and whisky exports to Australia “could boost whisky exports to Australia”, noting that Australia was currently the industry’s eighth largest export market, worth £116 million in 2020/21.<sup>79</sup> Sarah Baker, Senior Strategic Insight Manager, Agriculture and Horticulture Development Board (and AHDB lead on modelling this FTA), told us that their modelling suggested that there were opportunities for increased exports of specialist cheese.<sup>80</sup> Dairy UK’s written evidence was less optimistic, noting that the Australian market was “relatively mature with limited growth in demand, saying that

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72 [Q6](#)

73 [Q6](#)

74 [Q407](#)

75 UK Government, [New support for UK’s world-leading agri-food and drink industry](#), 30 November 2021 (accessed 6 June 2022)

76 AHDB, [AHDB Red Meat Export conference highlights opportunities](#), 5 April 2022 (accessed 6 June 2022)

77 [Q67, Q148](#)

78 National Farmers’ Union (NFU) ([AFTA0017](#)), para 6

79 Department for Environment, Food and Rural Affairs ([AFTA0024](#)), section 1

80 [Q148](#)

the deal “would not bring a step change” in UK access to the Australian market.<sup>81</sup> In oral evidence, Minister Prentis also mentioned potential export benefits to whisky and gin, as well as cheeses and biscuits.<sup>82</sup>

29. In the longer-term Sarah Baker, AHDB, noted the important role of this deal as a gateway to the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP),<sup>83</sup> saying she could not “emphasise enough the opportunities that CPTPP presents”. Neil Shand, NBA, said there was no reason the UK could not grow its export market and argued that doing so “would take away a lot of the threat of FTAs.”<sup>84</sup> Phil Stocker, Chief Executive, National Sheep Association, said that the Association had been arguing for a long time for more money to be spent on trade development and export opportunities—in particular, the trade in genetic material and breeding stock—as potential areas of growth.<sup>85</sup> Nick von Westenholz, NFU, said that he would like to see more money from the AHDB (the industry levy body) being directed to support exports, with match funding from the Government.

30. Given the success of Australia in exporting agri-food products we asked the Australian High Commissioner what he felt the UK could learn from the approach his country took to export promotion. High Commissioner George Brandis, explained that a statutory corporation, Austrade, was responsible for trade promotion and that their Department for Agriculture had 22 agricultural councillors, who operate in key markets to facilitate access for Australian companies.<sup>86</sup> He also said that as the UK becomes focused beyond the Euro-Atlantic in its trade aspirations it would be wise to elevate the level of investment in trade promotion, “particularly agriculture.”<sup>87</sup>

31. In its submission, Defra said that UK Government launched a refreshed Export Strategy in November 2021 focused on tackling trade barriers, opening new markets and providing the services exporters need to compete in global markets. It also said it was establishing a network of agri-food and drink attachés covering the growth markets of the Gulf, Africa, South America and the Asia-Pacific region and an Agriculture, Food and Drink Exports Council, “to deliver a dynamic, future-facing strategy for the sector across the whole of the UK and realise its full export potential.”<sup>88</sup>

32. Minister Mordaunt told us the Government was supporting export promotion through “a whole variety of means”, including creating a cross-Whitehall group focused on supporting export opportunities, proactively approaching them and giving them examples of potential export opportunities and promotion campaigns such as Made in the UK and Sold to the World.<sup>89</sup> Minister Prentis said that the 8 new agri-food trade attachés were in addition to four that were already in place and the network of over 100 staff who work on trade promotion more generally.

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81 Dairy UK ([AFTA0014](#)), para 8

82 [Q415](#)

83 A trade agreement among Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam

84 [Q70](#)

85 [Q70](#)

86 [Q316](#); [Austrade, Australian Government - Austrade](#)

87 [Q316](#)

88 Department for Environment, Food and Rural Affairs ([AFTA0024](#)), section 5

89 [Q417](#)

33. While the potential for increased agri-food exports from the UK-Australia FTA deal appears modest, the UK Government must support the food and farming industry to take maximum advantage of the opportunities that do exist. We welcome the Government's plans to develop a network of agri-food trade attachés to support the industry in exporting its high-quality products around the world.

34. *Given the Government estimates that the net impact of the deal across all agriculture and food related sectors is a reduction of £278m, we believe the Government should aid the sector to increase the value of UK food and drink export by at least £278m in the trade strategy being developed by the Agriculture, Food and Drink Exports Council. The Government should also produce an analysis showing what increase in trade it reasonably expects its current investment in trade promotion for agri-food role to yield. If this is less than the £278m by 2030 then the Government must commit to making further investment in this area.*

### 3 Animal Welfare, Sanitary and Phytosanitary (SPS) and Environmental Standards

35. One of the main criticisms we heard of the FTA is that the UK Government agreed to tariff free access to the UK market for Australian goods without requiring that those goods meet equivalent standards to those governing UK production.<sup>90</sup> These standards include those around animal welfare, animal health and the environment. Multiple witnesses, including the British Veterinary Association,<sup>91</sup> RSPAC,<sup>92</sup> Sustain,<sup>93</sup> NFU,<sup>94</sup> the World Wildlife Fund for Nature<sup>95</sup> and others<sup>96</sup> have argued that these standards are lower in the Australia than in the UK, which could have the following results:

- a) Lower standards give Australian producers a competitive advantage, as UK producers have to incur costs to meet higher UK standards—meaning there is not a level playing field for competition.<sup>97</sup>
- b) The UK’s reputation for high standards could be undermined—because under new rules of origin, products made in the UK using Australian raw material could still be marketed as originating from the UK.<sup>98</sup>
- c) It is incompatible with the Government’s commitment to high animal welfare and environmental standards—and is wrong, irrespective of its impact on UK producers.<sup>99</sup>

36. The Government has established the Trade and Agriculture Commission (TAC), made up of independent experts, to provide Parliament with advice on whether measures within FTAs are consistent with the maintenance of UK levels of statutory protection in relation to UK animal and plant health, animal welfare, and environmental standards.<sup>100</sup> The TAC published its advice on 13 April. We took evidence from the Chair of the TAC, Professor Lorand Bartels, who told us that they had concluded that there was “almost certainly” no risk of the UK having to lower its domestic standards.<sup>101</sup> However, the report concluded that the FTA would lead to increased imports of Australian products made at

90 <https://www.food.gov.uk/>; <https://www.nfuonline.com/media/dcpsjyhe/british-farming-setting-the-standard.pdf>;

91 British Veterinary Association ([AFTA0003](#))

92 RSPCA ([AFTA0005](#))

93 Sustain ([AFTA0013](#))

94 National Farmers’ Union (NFU) ([AFTA0017](#))

95 WWF-UK ([AFTA0018](#))

96 Compassion in World Farming ([AFTA0006](#)), Hybu Cig Cymru - Meat Promotion Wales (HCC) ([AFTA0007](#)), The Humane League UK ([AFTA0008](#)), National Sheep Association ([AFTA0009](#)), Farmers’ Union of Wales ([AFTA0012](#)), UK Centre for Animal Law (A-law) ([AFTA0015](#)), Trade & Animal Welfare Coalition ([AFTA0016](#)), FOUR PAWS UK ([AFTA0019](#)) and Greener UK ([AFTA0020](#))

97 [Q19](#)

98 British Veterinary Association ([AFTA0003](#)), para 19

99 RSPCA ([AFTA0005](#)), para 15

100 [Trade and Agriculture Commission - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/organisations/trade-and-agriculture-commission)

101 [Q332](#)

lower costs due to the use of pesticides that the UK does not allow domestic farmers to use; and that it might also lead to an increase in imports of lower-cost Australian grown genetically-modified (GM) canola (rapeseed).<sup>102</sup>

37. In the rest of this chapter, we examine the three main areas where concerns about standards were raised: animal welfare, animal and plant health (SPS measures) and the environment. We then consider the issue of standards more broadly, including the idea of “core standards” and how standards could be addressed as part of ongoing trade negotiations.

## Differences between UK and Australian standards

### *Animal Welfare Standards*

38. The first area where we heard concerns about differences between UK and Australian standards was animal welfare. This is the first FTA that Australia has agreed which contains a standalone chapter on animal welfare. The chapter contains high-level commitment that neither party will lower its animal welfare standards and contains language recognising animal sentience.<sup>103</sup> This development has been welcomed, with the RSPCA describing the chapter as “undoubtedly far reaching and probably the best yet written into any FTA.”<sup>104</sup>

39. The chapter does not, however, require either party to make any changes to its animal welfare practices. Instead, both parties “endeavour” to improve their animal welfare performance and agree to enforce existing animal welfare laws and not to weaken them in order to encourage trade or investment.<sup>105</sup> This so-called ‘non-regression’ clause has been criticised by groups that believe Australia already has lower standards than the UK. As the Humane League UK put it, the impact of the clause is limited “given that Australia’s animal welfare standards are already so low.”<sup>106</sup> The chapter of the FTA is also explicitly exempted from dispute settlement, meaning neither side can act to enforce its requirements through imposing trade sanctions if one side regresses in its animal welfare protection.<sup>107</sup>

40. The main criticisms of Australia’s animal welfare practices were:

- a) **Mulesing.** This is where “flaps of skin from around a lamb’s breeches and tail are cut off using sharp sheers to reduce the risk of flystrike.”<sup>108</sup> Flystrike is where flies lay eggs on the surface of the skin and in the fleece, which then hatch into maggots that then attack an animal’s flesh.<sup>109</sup> The BVA say that the use of pain

102 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p37

103 [UK-Australia FTA, Article 25.1\(1\)](#).

104 RSPCA ([AFTA0005](#)), para 5

105 [UK-Australia FTA, Article 25.1\(3\)-\(4\)](#).

106 The Humane League UK ([AFTA0008](#))

107 [UK-Australia FTA, Article 25.3](#).

108 British Veterinary Association ([AFTA0003](#)), para 15

109 [Flystrike treatment & prevention - Westpoint Farm Vets](#)

relief during the mulesing procedure in Australia is “inconsistent”.<sup>110</sup> This practice is not used in the UK, but the UK climate also means that there is not the same risk of flystrike.<sup>111</sup>

- b) **Hot branding of cattle.** This is the use of a hot iron to make a permanent identification mark on the skin on an animal. This practice is mandatory in two Australian States. The practice is not used on cattle in the UK where ear tags are used instead but can be used on some other animals.<sup>112</sup>
- c) **Transport times.** In Australia non-pregnant cattle over six months, and non-pregnant sheep over four months can travel without water from up to 48 hours. This compares with 14 hours in the UK.<sup>113</sup>
- d) **Use of CCTV in abattoirs.** Since 2018 in England and 2021 in Scotland, it has been a legal requirement for English abattoirs to have CCTV installed in them. This is done to enforce rules around the slaughter of animals—including stunning them before slaughter (except for meat produced according to religious rites). There is no national requirement for CCTV in Australian abattoirs.<sup>114</sup>
- e) **Australia’s overall performance.** The fact that Australia’s overall ranking for animal welfare and farm standards, under the Animal Protection Index (API), is a “D”, with an “E “ specifically for farm animals; compared to the UK scores of a “B” and “D” respectively, was drawn to our attention.<sup>115</sup>

41. Some submissions also raised issues around the treatment of pigs and chickens which we have not considered as the export of pork, chicken meat and eggs from Australia to the UK is not liberalised as part of this deal.

42. In response to these criticisms, we note that:

- a) **Mulesing.** The Australian High Commission told us that, in 2018/19, 87% of mulesing procedure performed on Merino sheep was performed with anaesthesia and analgesia,<sup>116</sup> a figure which the TAC also cites.<sup>117</sup> They also note that mulesing is practised only on Merino sheep which are bred for wool rather than meat. The TAC similarly found that “lambs reared for meat are not mulesed”, and also noted the mulesing imposes additional costs on Australian farmers and therefore does not grant them a competitive advantage.<sup>118</sup>

110 British Veterinary Association ([AFTA0003](#)), para 16

111 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p 50

112 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p58

113 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p 55

114 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p59

115 [World Animal Protection | Animal Protection Index](#)

116 [Q266](#); Note of private meeting between the Committee and Ms Su McCluskey, Special Representative for Australian Agriculture

117 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p 50

118 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p 50

- b) **Hot branding.** The TAC found that beef from cattle that had been hot branded was “highly unlikely” to be imported to the UK, as it was largely done to a breed of cattle for which there an insignificant market for in the UK. In addition, due to the ongoing ban on importing hormone-treated beef to the UK, any beef entering the UK from Australia would “almost certainly” come from farms accredited under an EU scheme which requires electronic identification, rendering branding unnecessary.<sup>119</sup>
- c) **Travel times.** In practice, in both the UK and Australia, travel times are much shorter than the legal maximum. The TAC cites a 2016 Australian report which found that 80% of cattle journeys were under six hours long.<sup>120</sup>
- d) **Use of CCTV in abattoirs.** Some Australian States are considering legislation to make this mandatory and some large meat producers have already installed CCTV on a voluntary basis.<sup>121</sup>
- e) **Australia’s overall performance.** On the API’s assessment, the Australian High Commission noted that Australia’s score was based on federal law, whereas most animal welfare laws were set at a State level in Australia.<sup>122</sup>

43. In their oral evidence Ministers emphasised the “ground breaking” nature of having an animal welfare chapter and the UK’s commitment to raising standards globally.<sup>123</sup> There was also an acceptance that the UK had not achieved everything it had wanted in this area, with DIT Minister, Penny Mordaunt MP, telling us that the Government was “interested in how we can positively impact on the things we care about but, through this deal, cannot completely get over the line, such as some of the animal welfare issues” and committing to continuing to talk to Australia about these issues.<sup>124</sup>

44. **We welcome the innovation of including an animal welfare chapter, in the UK-Australia trade deal but we believe that the Government should have pushed further on improving animal welfare standards. This was a missed opportunity for the UK and Australia, together, to show moral leadership in this area. Given that it appears that few meat products from animals reared to standards not acceptable in the UK will enter the UK market in practice, it is disappointing that it was not possible to agree more ambitious language.**

### ***Sanitary and Phytosanitary Measures***

45. Sanitary and Phytosanitary (SPS) measures concern plant, animal or human life or health regulation. The agreement’s SPS chapter, Article 6, addresses border controls and regulatory risk assessment to ensure that agri-food products moving between UK and Australia are safe. There are several measures covered by SPS rules where Australia takes a different approach from the UK, for example allowing the use of anti-microbial washes

119 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p 58

120 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p55

121 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p56

122 [Q274](#)

123 [Q420](#)

124 [Q439](#)

for carcasses ('chlorinated chicken'), hormonal growth promotants (HGP) for cattle and ractopamine for pigs. It also permits higher pesticide residue levels and has approved a greater variety of pesticides and genetically modified organisms (GMOs). The use of HGPs for cattle, pesticides and GMOs are most relevant as this FTA does not remove tariffs for chicken or pork and thus does not affect export in these areas.

46. Products that do not meet UK SPS requirements will not be allowed to enter the UK—for example there will continue to be a ban on exports of hormone-treated beef to the UK from Australia, and the UK requires that imported products conform with its permitted pesticide safety limits, known as maximum residue levels (MRLs).

47. On pesticides, UK MRLs are lower (less tolerant of pesticide residues) than many other countries, and the UK requires that imported products conform to its MRLs. For pesticide active substances *not* approved for UK domestic use, MRLs are set at a default value at 0.01 mg/kg. However, for some pesticides banned domestically Great Britain tolerates higher residues.<sup>125</sup> The TAC report notes that some pesticides banned in the UK are allowed in Australia, including some neonicotinoids, and imports of products grown with these pesticides may increase under the FTA.<sup>126</sup>

48. The SPS rules for pig and poultry, where there are significant differences between UK and Australian practice, remain unchanged as those sectors are not covered by this deal. The Secretary of State for International Trade told the Commons: “We have not looked at anything in the poultry, pigs and eggs sector precisely because we did not believe that we could find a level of compatibility in standards.”<sup>127</sup>

49. Some witnesses argued that the fact that Australia is a net importer of these foods may have been the more significant reasons why these sectors had not been covered by the agreement. Nick von Westenholz, Director of Trade and Business Strategy, NFU, argued that:

What is clear is that that is not really an issue for this FTA, because Australia does not export any of those products anyway, so [the non-liberalisation of these sectors] was not really a difficult thing to secure.<sup>128</sup>

Kieran Macdonell, Agriculture Counsellor at the Australian High Commission, told us that the poultry and pork sectors in Australia are “very domestically” focused meaning “there is no export interest in the UK or in almost any other market. They were excluded from the FTA only for that purpose.”<sup>129</sup>

50. During our evidence session, the UK Government told us that there were a “couple of factors” behind the decision not to include pork and chicken in the deal, with the Deputy Chief Negotiators telling us that “the low level of trade was one” and differences

125 Northern Ireland is still applying EU MRLs pursuant to the Northern Ireland Protocol

126 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), accessed 13 May 2022. p. 46.

127 Hansard HC Deb, vol706, col 78, 5 January 2022

128 [Q37](#)

129 [Q226](#)

in practices was another.<sup>130</sup> Minister Prentis also reiterated her opposition to changing the rules which prevent hormone treated beef, ractopamine treated pork and chlorine-washed chicken entering the UK.<sup>131</sup>

### *Enforcement of SPS checks*

51. As with animal welfare provisions, the SPS rules are exempted from the dispute resolution mechanisms. This was broadly regarded as a positive development, as it means the FTA does not create a new route through which the UK'S SPS regulation could be challenged. This is important because in 1998 the WTO's dispute settlement bodies concluded that the EU's ban on hormone treated beef (which the UK continues to apply) didn't comply with WTO SPS requirements.<sup>132</sup>

52. Concerns were raised over the UK's ability to check and enforce its SPS rules. These checks were previously undertaken on the UK's behalf by the European Commission.<sup>133</sup> Peter Hardwick, British Meat Processors Association, said that "in order for us to be able to satisfy ourselves that any country that is sending products to the UK meets our standard, we need to have an intensive programme of visits, audits, checks and a plant approval process" but he "was not sure what [the Government's] current approach is."<sup>134</sup> Professor Manning, Professor of Agri-Food and Supply Chain Security, Royal Agricultural University, told us that she thought there may be no checks being done.<sup>135</sup> The TAC also noted the importance of the UK import control system being properly resourced.<sup>136</sup>

53. The Government told us that the UK border agencies are extremely resilient and adept at prioritising their resources to ensure the UK's import requirements are met and appropriate levels of protection assured. The Government said the UK had maintained its pre-EU withdrawal level of checks on imports from countries outside the EU and had staffed accordingly. The Government's evidence also noted that, post-Brexit, it had established the UK Office for Sanitary and Phytosanitary Trade Assurance, within Defra, to coordinate trade assurance in the UK for live animals and animal products. In May, the Government wrote that:

The UK Government is working towards a global risk-based biosecurity regime for all imports. We will maintain our world class biosecurity standards with the technological and operational transformation of the border. It will be based on a proper assessment of risk and will harness the power of data and technology. We will publish a Target Operating Model in the autumn.<sup>137</sup>

**54. The Trade and Agriculture Commission has concluded that there is likely to be an increase in the import of products from Australia produced at lower cost by using**

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130 [Q440](#)

131 [Q448](#)

132 [WTO Appellate Body Report, EC – Hormones, WT/DS26/AB/R, adopted 13 February 1998.](#)

133 [Dairy UK \(AFTA0014\)](#), para 24

134 [Q59](#)

135 [Qq134–135](#)

136 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p34

137 Department for Environment Food and Rural Affairs; Department for International Trade ([AFTA0028](#))

pesticides that would not be permitted in the UK. We call upon the UK Government to review its Maximum Residue Levels (MRLs) for pesticides and bring its import tolerances for imported products into closer alignment with domestic requirements.

55. We welcome the approach that the UK Government has taken to protecting the UK's SPS requirements within negotiations on the UK-Australia FTA. It will be essential that the UK robustly maintains this position in negotiations with future trade partners who may have a greater offensive interest in challenging the UK's SPS regime. It is also essential that the Government can enforce these rules and that sufficient checks are conducted on imported food products. *We call on the Government to publish its plans to resource a verification system as part of its new Target Operating Model to ensure these bans are being enforced and to monitor animal welfare standards.*

## Environmental standards

56. Chapter 22 of the FTA agreement deals with environmental issues. The chapter's objectives are to promote mutually supportive trade and environmental policies, high levels of environmental protection, and cooperation on trade-related environmental issues.<sup>138</sup>

57. The chapter aims to strengthen cooperation in 13 areas, including climate change, ship pollution, ozone depleting substances and illegal wildlife trade. Many of the identified priorities are adapted directly from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), with very few or no changes to the language. However, five of the thirteen areas are unique to this FTA: Climate Change, Circular Economy, Air Quality, Marine Litter and Sustainable Forest Management and Trade. Some witnesses felt this could have gone even further, for example Professor Manning, Professor of Agri-Food and Supply Chain Security, Royal Agricultural University, suggested that water and air quality, soil health, marine management and carbon sequestration could also usefully be covered in environmental sections of trade deals.<sup>139</sup>

58. The two main issues where Australia's environmental standards were viewed as being lower than in the UK were deforestation to provide land for cattle grazing, and climate change impact of potential imports of carbon emissions-intensive products.

59. On deforestation, the NFU stated that the Australian beef industry has been linked to large-scale deforestation in Australia, citing a Greenpeace report which found that more than 1.6 million hectares of forest had been cleared in Queensland in the five years up to 2018 and that 73% of this was for beef production.<sup>140</sup> The Australian High Commissioner contested the link between deforestation and beef production, saying that Australia was creating more new forest than it was removing.<sup>141</sup> The TAC said that "it is possible [ ... ] to find evidence of both deforestation and reforestation in Australia at different places and times" and therefore "proceeded on the basis that deforestation might occur in Australia in connection with agricultural production."<sup>142</sup>

138 *Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia*  
[Chapter 22, Article 22.2](#)

139 [Qq114-116](#)

140 National Farmers' Union (NFU) ([AFTA0017](#)) para 64

141 [Q300](#)

142 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p65

60. In the Environment Act (2021) the UK has committed to “world-leading due diligence requirements [ ... ] to tackle illegal deforestation in the UK supply chain.”<sup>143</sup> Minister Mordaunt told us that her colleagues who lead on trade with Brazil, and other countries where deforestation is linked to agricultural product was a much greater concern, were focused on these issues.<sup>144</sup>

61. On climate change more generally, the NFU told us that “average UK beef production has a carbon footprint of 17.12kg CO<sub>2</sub>e per kilo, this compares to a global average of 46kg CO<sub>2</sub>e per kilo.”<sup>145</sup> The NFU also said that UN’s Food and Agriculture Organization estimates beef from Western Europe has a carbon footprint of c. 18kg and beef from Oceania a figure of 26kg.<sup>146</sup> No specific data about Australia was provided but the TAC said that it thought that the economies of scale of Australian livestock rearing “render it unlikely” that its meat production is more carbon intensive than in the UK. However, it did note that the Government’s own impact assessment estimated an increase in transport-related emissions, due to increased trade from this FTA, of around 0.1 to 0.31 MtCO<sub>2</sub> per year—a 31–40% increase. This estimate arises from all trade, not just the effect from the agricultural sector.<sup>147</sup>

62. The environmental non-regression requirement in the FTA is linked to the FTA’s dispute settlement mechanism. This means that the requirement for environmental enforcement is subject to arbitration, and non-compliance can ultimately result in one party imposing sanctions on the other—which in practice means the reinstatement of tariffs. This is significant as it departs from EU practice, where Trade and Environment chapters in FTAs are generally not linked to sanctions for non-compliance.<sup>148</sup> The change in approach has been welcomed by the NFU and the WWF.<sup>149</sup>

63. We raised with the UK Government how the environmental non-regression requirement would work and how it applied to environmental regulations made at different levels of the Australian Government. This discussion revealed a difference in understanding between ministers and officials. DIT Minister Mordaunt said that her understanding was that the dispute resolution process did apply to state-level environmental laws.<sup>150</sup> In contrast the Deputy Chief Negotiator agreed, when it was put to him, that it only applied to federal laws,<sup>151</sup> while emphasising that a “significant amount of really important environmental legislation is at the federal level”.<sup>152</sup> He also pointed to the FTA’s co-operative provisions on addressing environmental issues bilaterally, including illegal logging, the preservation of our natural environment and biodiversity.<sup>153</sup>

64. In further written evidence the Government confirmed that, in the FTA, the definition of environmental law for Australia is set at federal level such that non-regression

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143 [DEFRA, Implementing due diligence on forest risk commodities.](#)

144 [Q433](#)

145 National Farmers’ Union (NFU) ([AFTA0017](#)), para 61

146 National Farmers’ Union (NFU) ([AFTA0017](#)) para 61

147 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), p67

148 European Parliament (2021), [Sustainability provisions in EU free trade agreements: Review of the European Commission action plan](#)

149 National Farmers’ Union (NFU) ([AFTA0017](#)), para 53, [WWF-UK \(AFTA0018\)](#) section 3

150 [Q432](#) [Q451](#)

151 [Q426](#)

152 [Q427](#)

153 [Qq434–435](#)

requirements do not apply to laws or regulations made at state level. This is a negotiated outcome and is in line with Australia’s approach in CPTPP, which the UK is in the process of acceding to. For the UK, in contrast, the non-regression requirement applies to all environmental laws including those of devolved administrations. The Government also re-emphasised the comprehensive nature of the Environment chapter and the fact that it recognises the UK’s right to regulate domestically to meet environment and climate change objectives.<sup>154</sup>

65. In addition to the FTA’s non-regression clause, which aims to ensure that both sides maintain existing environmental regulations and standards, Professor Bartels, TAC Chair, noted that the UK could defend any trade-restrictive regulation that Australia wanted to challenge, for example, new regulation restricting imports of products that contributed to deforestation, under Article XX(g) of the General Agreement on Tariffs and Trade (GATT), which is incorporated into the FTA.<sup>155</sup> Incorporating GATT Article XX by reference is common practice for FTAs, including UK FTAs and continuity FTAs from when the UK was an EU Member State.<sup>156</sup> GATT Article XX(g) allows the UK to adopt regulations to conserve exhaustible natural resources but only if they take place ‘in conjunction with restrictions on domestic production or consumption’.<sup>157</sup> This restricts the UK’s ability to regulate environmental damage that happened only in Australia, although the UK could defend its own regulations addressing non-territorial environmental degradation, such as emissions which contribute to global climate change.<sup>158</sup>

**66. We welcome the commitment that the Minister made to ensuring that UK trade deals protect the natural environment through a non-regression obligation on relevant regulations and standards that is enforceable with sanctions for non-compliance. We call upon the UK Government to include such provisions in future FTAs to help ensure that trade partners do not competitively undercut UK producers by deregulating environmental protections.**

**67. However, it is regrettable that these provisions are not enforceable through the dispute resolution process if changes are made at the state level. In future deals the Government should seek to ensure environmental provision are binding on all levels of government in the countries that the UK negotiates with—as is the case in the UK.**

## Core Standards

68. Multiple groups, including the original Trade and Agriculture Commission,<sup>159</sup> supported by the independent National Food Strategy initiative,<sup>160</sup> and the Committee on Climate Change,<sup>161</sup> have called on the Government to adopt a “core standards” approach to its FTA negotiations. The Government’s decision not to do so was a recurring criticism of the Government’s strategy for these negotiations.<sup>162</sup> The foundation of a core standards

154 Department for Environment Food and Rural Affairs; Department for International Trade ([AFTA0028](#))

155 [UK-Australia FTA, Article 31.1\(2\)](#).

156 [UK-Japan Comprehensive Economic Partnership Agreement \(2020\)](#), Article 2.21(1); [UK-Australia Free Trade Agreement Article 31.1\(1\)](#). Also see [UK trade agreements with non-EU countries](#).

157 [GATT \(1994\) Article XX](#).

158 [Qq360–368](#)

159 [Trade and Agriculture Commission: Final Report](#), March 2021

160 [The National Food Strategy - The Plan](#)

161 [Sustain \(AFTA0013\)](#), para 4

162 [RSPCA \(AFTA0005\)](#) para 24, [WWF-UK \(AFTA0018\)](#) [Greener UK \(AFTA0020\)](#) para 2

approach is that the trading partners would have to demonstrate equivalence to certain standards, before being considered for ‘zero tariff, zero quota’ access for those products to which the core standards applied.<sup>163</sup> The original TAC recommended that such standards could form part of the UK’s contribution to driving up global standards, and that they should:

- Reflect the shared ambitions of the UK and its trading partners;
- Be derived from international standards and norms; and
- Already be applied in the UK.

69. The National Food Strategy recommended that core standards cover food safety, animal welfare, responsible antibiotic use and the prevention of severe environmental impacts (such as deforestation to create beef grazing), and that they be drawn up by the original Trade and Agriculture Commission.<sup>164</sup> Henry Dimbleby, author of the National Food Strategy, as lead Non-Executive Director at Defra, told us that allowing imports of food that is produced to lower standards:

[Would] simply be exporting the cruelty and the carbon emissions abroad where we could not see them.<sup>165</sup>

70. The principle behind core standards—that that food products imported as part of any future trade deal should at least meet British standards relating to production, animal welfare and the environment—was one we supported in our Report on the Agriculture Bill where we recommended legislative changes were made to require imported food products to meet or exceed these standards.<sup>166</sup>

71. There are challenges with adopting a system of core standards. The first is agreeing what these standards should be—on which we received a range of different suggestions during this inquiry. The second is deciding how equivalence is demonstrated—this is important as, by definition, it is not expected that other countries would have exactly the same rules as the UK but have their own systems and produce in a different context.

72. We asked Professor Bartels, TAC Chair, if he thought the outcome of this deal would have been different if the Government had adopted a core standards approach. He concluded that it would not have because the FTA, as agreed, does not make any difference to the legality of the existing protections in areas that would have been covered by core standards.<sup>167</sup> However he did accept that there were transparency benefits to setting out all the UK standards clearly in one place, noting that his commission had had to do “quite a lot of work” with Defra at the start of the Commission’s work to identify what the UK’s standards were. Professor Bartels noted that this had been particularly complicated in the area of environmental protection.<sup>168</sup>

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163 [Trade and Agriculture Commission: Final Report](#), March 2021, p84

164 [National Food Strategy Independent Review \(publishing.service.gov.uk\)](#), p 239

165 EFRA Committee, Oral evidence session, [National Food Strategy](#), Q51, 21 September 2021

166 EFRA Committee, [EFRA Committee stand firm on food trade standards - Committees - UK Parliament](#)

167 [Q338](#)

168 [Q339](#)

73. Witnesses also emphasised that a focus on articulating core standards would strengthen the clarity and consistency of UK FTA negotiations and agri-food trade strategy overall and for the future. Orla Delargy from Sustain said

We should have a core set [of standards] that we all understand and are then red lines, and nobody needs to talk about them anymore. They are there and off the table.<sup>169</sup>

### *The future of common standards*

74. We discussed with witnesses whether it was still possible for the UK to adopt a common standard approach in the future. There was a general agreement that for future trade deals there was no barrier to the UK Government adopting such an approach. The answer was not as clear when considering whether adopting common standards could have a retrospective impact on trade with Australia, given that the current agreement has already been signed. Professor Smith, Professor of International Economic Law, University of Leeds, noted that “that there is a commitment in the Trade in Goods chapter that neither party will impose any new tariffs other than the ones that have already been agreed to in this deal” but that core standards could take the form of SPS measures or technical barriers to trade measures (rather than retrospective imposition of tariffs). It may be possible to use these depending on how such measure were crafted.<sup>170</sup>

75. The TAC’s report considers the UK’s ability to regulate under the provision on this FTA. It concluded that, even where the FTA liberalised trade by reducing tariffs, the UK:

... not only has the same rights as it would under WTO law to maintain and adopt protections in the areas covered by this advice, but in relation to animal welfare and certain environmental issues it has even greater rights than under WTO law.<sup>171</sup>

76. The TAC report also considered in detail whether it would be possible for the UK to regulate in each of the areas of concerns that have been raised (such as hormone treated beef, mulesing, hot branding etc.) and found that the FTA did not change the ability of the UK to impose new regulatory requirements in the future (for example by imposing labelling requirement, introducing tax, or bans).<sup>172</sup> This does not mean that there could be no legal or diplomatic challenges from UK trade partners to introducing such measures. For example, if the UK decided to tax imports based on how carbon intensive their production was (a ‘Border Carbon Adjustment’), witnesses were clear that the FTA would not make this any more difficult under WTO law,<sup>173</sup> but there could still be legal challenge under existing WTO provisions.

**77. It is regrettable that the Government chose to engage in this negotiation without first articulating the core standards that the food imported into the UK must meet. Setting out core standards would have strengthened the hand of British negotiators, reassured the relevant sectors of the Government’s commitment to such standards,**

169 [Q176](#)

170 [Q108](#)

171 [Trade and Agriculture Commission: Final Report](#), March 2021, p84

172 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#),

173 [Q376](#)

and helped raise standards globally. However, we do welcome the fact that this deal does not prevent the Government adopting core standards—or other trade measures such as a carbon adjustment tax—in the future. *We reiterate our previous call for the Government to adopt a system of core standards, which we believe would make it easier for UK negotiators to get other countries to agree to meet equivalent standards to those in place in the UK. Core standards should be in place before any further FTAs that cover the food sector are agreed.*

### **Ongoing negotiation on animal welfare, SPS and environmental issues**

78. While the FTA has been signed—and the text of the agreement looks unlikely to change—it does not mean that there will be no further negotiations on the issues discussed in this chapter between the two Parties. In fact, that FTA creates several committees explicitly to provide for such further discussions: These include:

- a) An SPS Committee providing a direct channel of communication between officials to address regulatory barriers. For example, the NFU has suggested that the UK could use this committee to try to overcome market access barriers to that of pig meat (due to ‘heat treatment’ requirements) and the ban on live pig imports which restricts UK exports of genetic materials.<sup>174</sup>
- b) A Joint Working Group on Animal Welfare. The BVA said that the membership of this working group will be important and asked that Defra “consider the balance of expertise it proposes for the group.”<sup>175</sup> Meat & Livestock Australia said that this will be a “forum for cooperation, review, promotion of high animal welfare practices and information sharing.”<sup>176</sup>
- c) An Environment Working Group drawn from government representatives to oversee the implementation of the Environment Chapter.
- d) The Environment Chapter also sets out a non-binding provision for Environmental Cooperation Frameworks in relation to climate change, circular economy, ozone protection, air quality, ship pollution and biodiversity. These offer the possibility to engagement through activities including collaborative programmes, technical assistance, data sharing, and sharing evidence-based practices.

79. We asked our witnesses how useful these forums could be. Professor Smith, University of Leeds, told us that it would depend on the willingness of the two countries to use them. Comparing them to similar WTO committees, she said “some are very active [...] it depends on who sits on those committee, the political remit [and the] political will.” Professor Smith concluded “they have huge potential, but it depends on the politics”.<sup>177</sup> Similarly, Sarah Baker, AHBD, said that on-going FTA forums offered a “significant opportunity”

174 [National Farmers Union \(AFTA 0017\)](#), para 82

175 [British Veterinary Association \(AFTA0003\)](#), para 23

176 [Meat & Livestock Australia \(AFTA0010\)](#)

177 [Q139](#)

for pushing standards forward.<sup>178</sup> This was also the view of Minister Prentis, who said the FTA was genuinely useful in providing “a framework and a forum for discussion as part of our ambition to raise global standards.”<sup>179</sup>

80. Professor Smith did raise a concern that discussion through the SPS Committee, combined with the commitment made in the chapters on technical barriers to trade, might provide a route for the rules on hormone-treated beef to be challenged.<sup>180</sup> The TAC also raised the technical possibility that equivalence agreements, arrived at through discussion at committee level, might “[narrow] down the situations in which the UK is able to reject a request from Australia to have an Australian law treated as equivalent to a UK law”. The Commission also notes that “these decisions can be taken without the type of parliamentary scrutiny that would be required for a formal amendment of the agreement.”<sup>181</sup>

**81. While we believe the Government could have gone further in the UK-Australia FTA on standards, it has the opportunity, through the various forums created under the agreement, to continue to discuss environmental and animal welfare issues with Australia as part of its wider ambition of raising standards globally. *The Government must produce a clear strategy for how it will use the forums created by the UK-Australia FTA to raise standards in the future. It should also set out how it will organise and resource the work of these committees to ensure they have sufficient senior buy-in on both sides to make further progress. Finally, it should set out what provision it will make for parliamentary scrutiny of the proposals of these committees.***

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178 [Q139](#)

179 [Q420](#)

180 [Q122](#)

181 Trade and Agriculture Commission, [Advice to the Secretary of State for International Trade on the Australia Free Trade Agreement](#), pp 33-34

## 4 Lessons for future trade deals

82. In this chapter we look at the process surrounding the negotiation of this trade deal, and its subsequent scrutiny by Parliament, to identify areas for improvement in the future.

### Engagement with the sector

83. In July 2020, the Department for International Trade (DIT) established several Trade Advisory Groups (TAGs) covering different sectors of the economy, including agri-food. According to DIT, the purpose of these groups was to “provide the blend of strategic and technical expertise required to ensure the United Kingdom’s trade negotiations are able to progress at pace.” It also said these groups were created to “meet the requirements” of the Department’s trade negotiations.<sup>182</sup>

84. Industry groups represented on the agri-food ‘TAG’ told us the group had not been a forum for meaningful engagement. Nick von Westenholz, NFU, said that, while engagement had improved over the couple of years of the negotiations, the TAG was “quite often presented with *fait accompli*—‘This is what has happened’”.<sup>183</sup> Phil Stocker, National Sheep Association, described the TAG as a “trade update group” and called for a “much deeper level of engagement and a level of early discussion” within such bodies.<sup>184</sup> He also said that there had been no attempt at the co-creation of trade policy.<sup>185</sup> On the approach to negotiating quota allocation, the NFU told us that “those final decisions were all given to us as updates, with very little input.”<sup>186</sup> Sarah Baker, Senior Strategic Insight Manager, Agriculture and Horticulture Development Board, who lead on the AHDB’s modelling of this FTA’s impacts and sits on the TAG, said that the group, and the knowledge, expertise of the industry more generally, “could be utilised more.”<sup>187</sup>

85. Stakeholders without a seat on the agri-food TAG reported having an even more difficult time accessing information about the negotiations. The British Veterinary Association criticised the membership of the group for consisting solely of businesses representatives and containing no one “from a veterinary, animal health, food safety or animal welfare science background.”<sup>188</sup>

86. Industry representatives also compared the UK’s approach unfavourably to that taken by other countries. The British Meat Processors Association argued that the US and Australia would never go into negotiations “without speaking to those with real expertise and understanding”<sup>189</sup>. Similarly Dairy UK argued that “when countries like the US and NZ do trade deals, they have an inclusive and collaborative approach with their own industries. There was no such consultation of the UK dairy sector during the negotiations with Australia.”<sup>190</sup>

182 <https://www.gov.uk/government/publications/trade-advisory-groups-tags/trade-advisory-groups-membership>

183 [Q76](#)

184 [Q77](#)

185 [Q81](#)

186 [Q76](#)

187 [Q94](#)

188 British Veterinary Association ([AFTA0003](#)), para 35

189 [Q82](#)

190 Dairy UK ([AFTA0014](#)) para 6

87. When we asked the Australian High Commissioner about their approach to stakeholder engagement, he told us:

Our negotiators, in the course of running these negotiations, are always in touch with industry leaders and with chambers of commerce [ ... ] to ensure that they were well informed about the industry's expectations and any potential pitfalls. The industry was not around the negotiating table, but it was in the room next door.<sup>191</sup>

Similarly, the New Zealand High Commissioner said they held:

Regular structured meeting with a core group of agriculture industry stakeholders. Our trained negotiators meet them and update them on not just a particular FTA negotiation, but progress on FTA negotiations around the world. A relationship of trust has developed, and so these discussions are able to be very frank and open.<sup>192</sup>

88. Penny Mordaunt MP, Minister for Trade Policy, told us that engagement was “incredibly important” and “involves learning about the markets, the sectors and the people over the other side of the table.” James Clarke, UK Deputy Chief Negotiator for the UK-Australia FTA, told us that there had been a formal consultation process which received “thousands of responses.” This process then involved the TAGs which, at the end of each round of negotiations, would be given an “update” which include a discussion and questions. He said the Department took a “number of opportunities in those large forums [ ... to ... ] solicit views, including on prioritisation.” He also said this engagement was supplemented by engagement done by Defra.<sup>193</sup> Mr Clarke said he was “not surprised” some stakeholders would like more engagement, and said that the question was almost, “Is there ever a level of engagement that is sufficient for some stakeholders?”<sup>194</sup>

**89. The Government risks negotiating with one hand tied behind its back if it does not take full advantage of the knowledge and intelligence that the UK sector can provide to support negotiations. The description of the agri-food Trade Advisory Group (TAG) given by the Deputy Chief Negotiator appears to confirm the industry's description that the group was mostly about providing updates to industry rather than industry, and other stakeholders, providing advice and insights to Government. *The Government must overhaul the way it engages with the relevant sectors and the devolved administrations during negotiations to provide for meaningful two-way engagement. We ask that it reports back by September on the changes it has made to how the group operates. The Government should also expand the membership of the agri-food TAG to provide it with additional expertise on animal welfare, health and environmental considerations.***

## Impact Assessment

90. During our discussion of the outcomes of this deal in Chapter 2, we drew upon the Impact Assessment of the deal produced by the Government. The impact assessment used a computable general equilibrium (CGE) model, which assumes that all other factors,

191 Q 320

192 Q 320

193 [Q442](#)

194 [Q443](#)

other than those changed by the trade agreement, remain the same when calculating likely effects. As was made clear in the Department’s own submission, there are a number of limitations to the analysis provided by this approach:

This modelling represents a stylised view of the world and various country economies. It is based upon a snapshot of historical trade and consumption patterns.<sup>195</sup>

The submission goes on to list several factors the model does not take into account. This includes some factors, such as consumer preference for UK meat and potential growth in Australia’s East Asian market, that we discussed in Chapter 2. It also notes that its estimates “do not account for changes to the industry as a result of changes to [domestic UK] agricultural support policy.”<sup>196</sup>

91. In January 2022 the Government’s Trade Modelling Review Expert Panel published recommendations that would enhance the performance of Impact Assessments for future FTAs. The review made several suggestions, including:<sup>197</sup>

- Bespoke modelling based on detailed understanding of particular sectors.
- Development of the evidence base, including case studies of historical trade relationships and ‘bottom-up’ information from sources familiar with the detail of particular sectors or policies.
- Improving presentation of results that enables ‘reality checking’ by “providing a range of results for different sectors, time-scales, and scenarios, making clear the assumptions and mechanisms that generate differences between them.”

The Government’s response to the Panel’s findings is yet to be published. The NFU also stressed the importance of the Government being able to model the cumulative impact of trade deals.<sup>198</sup>

**92. As the Government has accepted, its Impact Assessment of the UK-Australia FTA is based on a relatively limited model of its likely consequences for farming and other sectors of the economy. We welcome the Government’s review of how to improve the quality of its impact assessment process and call on Ministers to take forward the improvements recommended in time to inform the impact assessments for all future FTAs.**

## Resourcing the Trade and Agriculture Commission

93. Under section 42 of the Agriculture Act 2020, a trade deal that concerns the trade in agricultural products cannot be laid before Parliament until the Secretary of State has provided Parliament with a report explaining “whether, or to what extent,” the measures in that trade deal are consistent with the maintenance of UK levels of statutory protection for:

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195 Department for Environment, Food and Rural Affairs (AFTA0024), section 2

196 Department for Environment, Food and Rural Affairs (AFTA0024), section 2

197 <https://www.gov.uk/government/publications/trade-modelling-review-expert-panel-report-and-recommendations/trade-modelling-review-expert-panel-report#summary-and-recommendations>

198 Q 79

- a) human, animal or plant life or health,
- b) animal welfare, and
- c) the environment.<sup>199</sup>

To assist the Secretary of State in providing this advice, the Government established the Trade and Agriculture Commission (TAC), made up of independent experts, to provide advice on all of the above issues except for human health (on which the Government received advice from the Food Standards Agency).<sup>200</sup>

94. We discussed the findings of the TAC in Chapter 3. When we took evidence from the TAC’s Chair, Professor Lorand Bartels, we discussed how the TAC undertook its work and whether there were any changes needed to support its work on future trade agreements. Professor Bartels told us that the main challenge facing the TAC was resources and that “aside from the secretariat, we have zero funding. I hired a research assistant from Cambridge with university money to help us out for the Australia agreement.” Looking ahead to the UK’s accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), he said he found it “hard to see” how the TAC could do a similar piece of work, within current resources, due to the scope of that agreement.<sup>201</sup> Professor Bartels said that for CPTPP he would need to engage local consultants to produce summaries of each country’s legislative system, practices and voluntary standards.<sup>202</sup>

95. Minister Mordaunt assured us that the Government was talking to the TAC about its resourcing and that “there should be [the] resource” to do the work that TAC wants to focus on.<sup>203</sup> She continued

I want them [the TAC] to be able to do this well. That may not mean a research team in every nation—we have to look at what needs to be done practically—but we want it done well, so that is an ongoing discussion about resourcing.

**96. We found the TAC’s report extremely helpful and thank Professor Bartels, and his colleagues, for their work. We are concerned that Professor Bartels had to use university funds to support the TAC’s work on the Australia FTA. It is essential that the TAC has sufficient, independent, resources to carry out its work—particularly with large deals such as CPTPP on the horizon. We commend the Minister’s confirmation that she would look at its resourcing and her commitment to ensuring the TAC has enough funding to do its job well. We ask that the Government set out in its response to this Report what additional resources it has provided to the TAC.**

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199 Agriculture Act 2020, section 42

200 TAC report, section I, Our mandate, 13 April 2022, Cm 663

201 [Q330](#)

202 [Q331](#)

203 [Q452](#)

## Conclusion: Future trade deals

97. In this final chapter we consider the broader implications of this FTA for future trade deals that the Government might want to negotiate with other large agricultural exporting nations.

98. Many groups, including the WorldWide Fund for Nature, Greener UK, the British Veterinary Association, Hybu Cig Cymru (Meat Promotion Wales), National Sheep Association, NFU and NFU Wales, have expressed concerns about the precedent that this deal sets.<sup>204</sup> This is framed around the scale of market access that the deal has provided to Australia and the fact that this access was granted without requiring Australian products to meet standards equivalent to those that UK producers face. Nick von Westenholz, NFU agreed with the proposition that “the precedent is more dangerous than the principle of this deal.”<sup>205</sup>

99. In its written evidence the Government contests the idea that this deal set a precedent arguing that “all trade deals are bespoke and different and ... tailored to the relationship and market of the counties involved.”<sup>206</sup> However, Professor Fiona Smith, Professor of International Economic Law, University of Leeds, argued that, while there is no precedent, there was inevitably likely to be “political pressure for other countries [ ... ] to get the kinds of concessions that are available in this current UK-Australia deal.”<sup>207</sup> Nick von Westenholz, NFU, went further and argued that the extent of liberalisation in the deal meant other deals would also be likely to be very liberalising to make it worth the while of other countries seeking to expand their access to the UK market:

Each time you liberalise and give someone a chunk of your market, you are reducing the value of that market and, therefore, having to give everybody else a bit more—a bigger chunk.<sup>208</sup>

100. There are some parts of the deal that could provide a helpful precedent, such as the high-level commitments on animal welfare and the environment, which have been widely seen as going further than text in previous FTAs.<sup>209</sup> There are also some positive examples of the Government defending UK standards, such as on hormone-treated beef and the exclusion of pig and poultry from tariff liberalisation.<sup>210</sup>

101. We discussed the issues of this deal being precedent setting with Penny Mordaunt MP, Minister for Trade Policy, Department for International Trade. She repeatedly said that this deal did not set precedents and challenged the suggestion that this deal could make it politically more difficult to take a different approach with other countries. She said that, while it might create a new argument for the countries you are negotiating with, the negotiation itself would be driven by “facts and what you are trying to achieve” and therefore she did not “think it adds additional pressure” on UK negotiators in the future.<sup>211</sup>

204 WWF-UK ([AFTA0018](#)) Greener UK ([AFTA0020](#)) British Veterinary Association ([AFTA0003](#)) Hybu Cig Cymru - Meat Promotion Wales (HCC) ([AFTA0007](#)) Farmers' Union of Wales ([AFTA0012](#)) National Farmers' Union (NFU) ([AFTA0017](#)) and National Sheep Association ([AFTA0009](#))

205 Q47

206 Defra ([AFTA0024](#))

207 Q 98

208 Q 46

209 See para 38)

210 See Para 45

211 [Q385](#)

102. We welcome the Government's assertion that the UK-Australia FTA does not provide a blueprint for future agreements. Nevertheless, we recognise the food and farming sector's concerns that other major agricultural exporting nations may seek to use the existence of this deal to gain similar access for their goods, particularly for those markets that are geographically closer to the UK. *To address these concerns, we highlight and restate our previous recommendation for the Government to publish core standards—which would reassure the sector that it is committed to protecting standards in future trade deals—and to transform its approach to engaging with the sector and devolved administrations during negotiations so they have meaningful opportunities to influence the outcomes of negotiations before final decision are taken. The Government should also look to learn lessons from the approach to setting quota levels and the timetable for tariff liberalisation in this deal and its implications for the viability of the UK agricultural sector as we negotiate future deals.*

## Conclusions and recommendations

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### Impact of the trade deal

1. We understand the concerns that UK cattle and sheep farmers have raised about the impact of additional competition from Australian imports under the UK-Australian FTA, but other witnesses advised us that the immediate risk appears to be limited. However, as recent events in Eastern Europe have demonstrated, circumstances can change rapidly leading to sudden shifts in food production and trade patterns. We therefore welcome the Government's commitment to regular monitoring of the impact of the deal and the information they provided about how this monitoring would be carried out. (Paragraph 21)
2. While the Government has argued that it has secured three safeguards to protect farmers it appears to us that only the general bilateral safeguard mechanism offers any real protection. The volumetric safeguards would only kick in if there were a truly massive increase in Australian red meat imports and, crucially, would only prevent the arrival of further imports rather than address any damage already caused by export permitted within the tariff rate quotas. *We call on the Government to publish the tests it will use to decide whether and when the general bilateral safeguard mechanism in the UK-Australia FTA should be triggered. Ministers should also set out the policy interventions it would consider using to address any harm that was being caused to the agri-food and farming sectors.* (Paragraph 22)
3. *In future negotiations the Government should ensure that its approach to negotiating changes to tariff free access to the UK meat market is more sophisticated than just weight of gross products and can differentiate between different cuts of meat—by using a carcass weight equivalent approach or similar—to mitigate the risk that the focus of new imports entering the UK markets is on the cuts where UK producers make the majority of their profit.* (Paragraph 25)
4. While the potential for increased agri-food exports from the UK-Australia FTA deal appears modest, the UK Government must support the food and farming industry to take maximum advantage of the opportunities that do exist. We welcome the Government's plans to develop a network of agri-food trade attachés to support the industry in exporting its high-quality products around the world. (Paragraph 33)
5. *Given the Government estimates that the net impact of the deal across all agriculture and food related sectors is a reduction of £278m, we believe the Government should aid the sector to increase the value of UK food and drink export by at least £278m in the trade strategy being developed by the Agriculture, Food and Drink Exports Council. The Government should also produce an analysis showing what increase in trade it reasonably expects its current investment in trade promotion for agri-food role to yield. If this is less than the £278m by 2030 then the Government must commit to making further investment in this area.* (Paragraph 34)

## Animal Welfare, Sanitary and Phytosanitary (SPS) and Environmental Standards

6. We welcome the innovation of including an animal welfare chapter, in the UK-Australia trade deal but we believe that the Government should have pushed further on improving animal welfare standards. This was a missed opportunity for the UK and Australia, together, to show moral leadership in this area. Given that it appears that few meat products from animals reared to standards not acceptable in the UK will enter the UK market in practice, it is disappointing that it was not possible to agree more ambitious language. (Paragraph 44)
7. The Trade and Agriculture Commission has concluded that there is likely to be an increase in the import of products from Australia produced at lower cost by using pesticides that would not be permitted in the UK. We call upon the UK Government to review its Maximum Residue Levels (MRLs) for pesticides and bring its import tolerances for imported products into closer alignment with domestic requirements. (Paragraph 54)
8. We welcome the approach that the UK Government has taken to protecting the UK's SPS requirements within negotiations on the UK-Australia FTA. It will be essential that the UK robustly maintains this position in negotiations with future trade partners who may have a greater offensive interest in challenging the UK's SPS regime. It is also essential that the Government can enforce these rules and that sufficient checks are conducted on imported food products. *We call on the Government to publish its plans to resource a verification system as part of its new Target Operating Model to ensure these bans are being enforced and to monitor animal welfare standards.* (Paragraph 55)
9. We welcome the commitment that the Minister made to ensuring that UK trade deals protect the natural environment through a non-regression obligation on relevant regulations and standards that is enforceable with sanctions for non-compliance. We call upon the UK Government to include such provisions in future FTAs to help ensure that trade partners do not competitively undercut UK producers by deregulating environmental protections. *We call upon the UK Government to include such provisions in future FTAs to help ensure that trade partners do not competitively undercut UK producers by deregulating environmental protections* (Paragraph 66)
10. However, it is regrettable that these provisions are not enforceable through the dispute resolution process if changes are made at the state level. *In future deals the Government should seek to ensure environmental provision are binding on all levels of government in the countries that the UK negotiates with—as is the case in the UK.* (Paragraph 67)
11. It is regrettable that the Government chose to engage in this negotiation without first articulating the core standards that the food imported into the UK must meet. Setting out core standards would have strengthened the hand of British negotiators, reassured the relevant sectors of the Government's commitment to such standards, and helped raise standards globally. However, we do welcome the fact that this deal does not prevent the Government adopting core standards—or other trade measures such as a carbon adjustment tax—in the future. *We reiterate our previous call for the*

*Government to adopt a system of core standards, which we believe would make it easier for UK negotiators to get of other countries agree to meet equivalent standards to those in place in the UK. Core standards should be in place before any further FTAs that cover the food sector are agreed. (Paragraph 77)*

12. While we believe the Government could have gone further in the UK-Australia FTA on standards, it has the opportunity, through the various forums created under the agreement, to continue to discuss environmental and animal welfare issues with Australia as part of its wider ambition of raising standards globally. *The Government must produce a clear strategy for how it will use the forums created by the UK-Australia FTA to raise standards in the future. It should also set out how it will organise and resource the work of these committees to ensure they have sufficient senior buy-in on both sides to make further progress. Finally, it should set out what provision it will make for parliamentary scrutiny of the proposals of these committees. (Paragraph 81)*

### Lessons for future trade deals

13. The Government risks negotiating with one hand tied behind its back if it does not take full advantage of the knowledge and intelligence that the UK sector can provide to support negotiations. The description of the agri-food Trade Advisory Group (TAG) given by the Deputy Chief Negotiator appears to confirm the industry's description that the group was mostly about providing updates to industry rather than industry, and other stakeholders, providing advice and insights to Government. *The Government must overhaul the way it engages with the relevant sectors and the devolved administrations during negotiations to provide for meaningful two-way engagement. We ask that it reports back by September on the changes it has made to how the group operates. The Government should also expand the membership of the agri-food TAG to provide it with additional expertise on animal welfare, health and environmental considerations. (Paragraph 89)*
14. As the Government has accepted, its Impact Assessment of the UK-Australia FTA is based on a relatively limited model of its likely consequences for farming and other sectors of the economy. We welcome the Government's review of how to improve the quality of its impact assessment process and call on Ministers to take forward the improvements recommended in time to inform the impact assessments for all future FTAs. *We welcome the Government's review of how to improve the quality of its impact assessment process and call on Ministers to take forward the improvements recommended in time to inform the impact assessments for all future FTAs. (Paragraph 92)*
15. We found the TAC's report extremely helpful and thank Professor Bartels, and his colleagues, for their work. We are concerned that Professor Bartels had to use university funds to support the TAC's work on the Australia FTA. It is essential that the TAC has sufficient, independent, resources to carry out its work—particularly with large deals such as CPTPP on the horizon. We commend the Minister's confirmation that she would look at its resourcing and her commitment to ensuring

the TAC has enough funding to do its job well. *We ask that the Government set out in its response to this Report what additional resources it has provided to the TAC.* (Paragraph 96)

### Conclusion: Future trade deals

16. We welcome the Government's assertion that the UK-Australia FTA does not provide a blueprint for future agreements. Nevertheless, we recognise the food and farming sector's concerns that other major agricultural exporting nations may seek to use the existence of this deal to gain similar access for their goods, particularly for those markets that are geographically closer to the UK. *To address these concerns, we highlight and restate our previous recommendation for the Government to publish core standards—which would reassure the sector that it is committed to protecting standards in future trade deals—and to transform its approach to engaging with the sector and devolved administrations during negotiations so they have meaningful opportunities to influence the outcomes of negotiations before final decision are taken. The Government should also look to learn lessons from the approach to setting quota levels and the timetable for tariff liberalisation in this deal and its implications for the viability of the UK agricultural sector as we negotiate future deals.* (Paragraph 102)

# Formal minutes

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**TUESDAY 14 JUNE 2022**

Members present:

Sir Robert Goodwill, in the Chair

Ian Byrne

Geraint Davies

Barry Gardiner

Dr Neil Hudson

Robbie Moore

Mrs Sheryll Murray

Julian Sturdy

Draft Report (*Australia Free Trade Agreement: food and agriculture*), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 102 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the First Report of the Committee to the House.

*Ordered*, That the Chair make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till Wednesday 15 June at 2.15 p.m.]

## Witnesses

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The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

### Tuesday 08 February 2022

**Nick von Westenholz**, Director of International Trade and Business Strategy, National Farmers Union; **Mr Phil Stocker**, Chief Executive, National Sheep Association; **Neil Shand**, Chief Executive, National Beef Association; **Peter Hardwick**, Trade Policy Advisor, British Meat Processors Association

[Q1–88](#)

### Wednesday 23 February 2022

**Professor Louise Manning**, Professor of Agri-Food and Supply Chain Security, Royal Agricultural University; **Professor Fiona Smith**, Professor of International Economic, University of Leeds; **Emily Rees**, Senior Fellow, European Centre for International Political Economy; **Sarah Baker**, Senior Strategic Insight Manager, Agriculture and Horticulture Development Board

[Q88–160](#)

### Tuesday 08 March 2022

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

[Q161–196](#)

**Andrew Opie**, Director, British Retail Consortium; **Kate Nicholls**, Chief Executive Officer, UK Hospitality; **Sue Davies MBE**, Head of Consumer Rights and Food Policy, Which?

[Q197–223](#)

### Tuesday 29 March 2022

**His Excellency the Honourable George Brandis QC**, High Commissioner, Australian High Commission; **Kieran Macdonell**, Counsellor (Agriculture), Australian High Commission; **His Excellency The Hon Bede Corry**, New Zealand High Commissioner to the United Kingdom, New Zealand High Commission; **Dr Chris Kebbell**, Primary Industries Counsellor, New Zealand High Commission

[Q224–320](#)

### Wednesday 11 May 2022

**Professor Lorand Bartels**, Chair, Trade and Agriculture Commission

[Q321–389](#)

### Wednesday 11 May 2022

**Victoria Prentis**, Minister for Farming, Fisheries and Food, Department for Environment, Food and Rural Affairs; **Chris Heaton**, Deputy Director, International Trade Policy, Department for Environment, Food and Rural Affairs; **Rt Hon Penny Mordaunt MP**, Minister for Trade Policy, Department for International Trade; **James Clarke**, Deputy Chief Negotiator, Department for International Trade

[Q390–459](#)

## Published written evidence

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The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

- 1 Australian High Commission ([AFTA0027](#))
- 2 British Veterinary Association ([AFTA0003](#))
- 3 Compassion in World Farming ([AFTA0006](#))
- 4 Cruelty Free International ([AFTA0022](#))
- 5 Dairy UK ([AFTA0014](#))
- 6 Department for Environment, Food and Rural Affairs ([AFTA0024](#))
- 7 Department for Environment Food and Rural Affairs; and Department for International Trade ([AFTA0028](#))
- 8 FOUR PAWS UK ([AFTA0019](#))
- 9 Farmers' Union of Wales ([AFTA0012](#))
- 10 Greener UK ([AFTA0020](#))
- 11 Hornby, Mr Edward (Retired, None) ([AFTA0002](#))
- 12 Hybu Cig Cymru - Meat Promotion Wales (HCC) ([AFTA0007](#))
- 13 International Meat Trade Association (IMTA) ([AFTA0011](#))
- 14 Meat & Livestock Australia ([AFTA0010](#))
- 15 National Beef Association ([AFTA0004](#))
- 16 National Farmers Union ([AFTA0023](#))
- 17 National Farmers Union (NFU) ([AFTA0025](#))
- 18 National Farmers' Union (NFU) ([AFTA0017](#))
- 19 National Sheep Association ([AFTA0009](#))
- 20 RSPCA ([AFTA0005](#))
- 21 Sustain ([AFTA0013](#))
- 22 Tate and Lyle ([AFTA0026](#))
- 23 The Humane League UK ([AFTA0008](#))
- 24 Trade & Animal Welfare Coalition ([AFTA0016](#))
- 25 UK Centre for Animal Law (A-law) ([AFTA0015](#))
- 26 WWF-UK ([AFTA0018](#))

# List of Reports from the Committee during the current Parliament

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All publications from the Committee are available on the publications page of the Committee's website.

## Session 2021-22

Number	Title	Reference
1st	Moving animals across borders	HC 79
2nd	Environmental Land Management and the agricultural transition	HC 78
3rd	Tree planting	HC 356
4th	Labour shortages in the food and farming sector	HC 713
5th	Pre-appointment Hearing: Chair of Ofwat	HC 1253

## Session 2019-21

Number	Title	Reference
1st	COVID-19 and food supply	HC 263
2nd	Pre-appointment hearing for the Chair-Designate of the Office for Environmental Protection (OEP)	HC 1042
3rd	The UK's new immigration policy and the food supply chain	HC 231
4th	Flooding	HC 170
5th	Air Quality and coronavirus: a glimpse of a different future or business as usual	HC 468
6th	Public Sector Procurement of Food	HC 469
7th	Covid-19 and the issues of security in food supply	HC 1156
8th	Seafood and meat exports to the EU	HC 1189