



HOUSE OF LORDS

International Agreements Committee

House of Lords  
London  
SW1A 0PW

Tel: 020 7219 4840  
Fax: 020 7219 6715  
hlintagreements@parliament.uk  
www.parliament.uk/lords

Lord Grimstone of Boscobel Kt  
Minister for Investment  
Department for International Trade  
King Charles Street  
London SW1A 2AH

09 June 2021

### **UK-Australia negotiations on agricultural trade**

Dear Gerry,

You may be aware that the Committee held an evidence session on 26 May, covering the UK-Australia negotiations on trade in agricultural goods with a focus on meat and livestock. We took evidence from the NFU, the RSPCA and Meat & Livestock Australia. Given the importance of the issues raised and the obvious public interest in the matter, we are writing to seek answers to specific concerns and request you indicate how the Government intends to address these. We understand that the negotiations with Australia have now entered a sensitive phase, with your 4 June letter to all peers describing the negotiations as having now entered “an accelerated sprint”<sup>1</sup>. We would therefore be willing to keep your response confidential until agreement in principle is secured.

As you will expect, the bulk of the concerns raised related to the UK’s reported market access offer and the extent to which Australian agricultural production methods, including animal welfare standards, are different and could undercut British farmers and undermine the UK’s high animal welfare standards.

The Australian Government is seeking a zero-tariffs deal with zero quotas for agricultural products in its FTA with the UK. We have been told that this reflects Australia’s standard approach to FTAs, with most agreements leading to tariff liberalisation over a phase-in period.<sup>2</sup> According to press reports, this has been the UK’s most recent offer to Australia: zero tariffs and no quotas, phased in over 10-15 years. In response to an Urgent Question on Agricultural

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<sup>1</sup> See letter from Lord Grimstone to all peers, 4 June 2021:

<https://committees.parliament.uk/publications/6253/documents/69132/default/>

<sup>2</sup> Q42 (Mary Johnson, Meat & Livestock Australia)

Exports from Australia on 27 May, the Minister for Trade Policy, Greg Hands, confirmed that “any liberalisation will be staged over time”.<sup>3</sup>

Tariff rate quotas have been used to allow competition with domestic producers, but in a controlled way. **What assessment has the UK Government made of the impact of its zero-quotas offer on British farmers, consumers and prices; whether the 10-15 year phase-in period would adequately address British farmers’ concerns; and what benefits it expects from this approach?** The NFU told us that although market access concessions may be relatively minor for Australia, cumulatively across all trade agreements the UK is seeking to strike, they may amount to a significant liberalisation of the UK market and, consequently, negatively affect British farmers.<sup>4</sup> **What assessment has the Government made of the cumulative impact of market access concessions on British farmers?**

Some trade experts and the NFU have raised the strong possibility that the Australia deal will serve as a precedent for future trade agreements and any concessions made will, if requested by others, prove hard to resist.<sup>5</sup> **Does the Government envisage offering similar concessions to other trade partners, including large agricultural producers, such as the US, Canada, Mexico, Brazil and Argentina? If not, what is the Government’s assessment of its ability to resist similar concessions in negotiations with other trading partners?**

Australian agricultural imports will likely be highly competitive due to significantly lower production costs. In written evidence to the Committee, the NFU said that the UK’s Agriculture and Horticulture Development Board “calculates the AUS cost of production at \$188 /100kg lamb liveweight versus \$419/100kg liveweight (UK lowland)”.<sup>6</sup> Greg Hands told the Commons on 27 May that “our analysis suggests that any increase in imports is more likely to displace food arriving from the EU”.<sup>7</sup> **We would be grateful if you could elaborate on this point and provide the detail underpinning the Minister’s statement to the Committee.**

The NFU suggested to us two alternative methods for providing some protections for British farmers in the future FTA with Australia:

- bilateral safeguards on volumes to provide reassurance and control in the event of an unexpected surge in imports,<sup>8</sup> and

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<sup>3</sup> HC Deb, 27 May 2021, [Col 549](#).

<sup>4</sup> Q42 (Nick von Westenholz, NFU)

<sup>5</sup> See, for example, <https://www.prospectmagazine.co.uk/politics/uk-australia-free-trade-agreement-eu> and Q42 (Nick von Westenholz, NFU)

<sup>6</sup> [AUT0007](#)

<sup>7</sup> *Ibid.*

<sup>8</sup> Q38 (Nick von Westenholz, NFU)

- use of review points during any phase-in period to assess the impact on UK producers, consumers and prices, allowing for a delay to full liberalisation if there are unexpected detrimental impacts<sup>9</sup>

We note that Greg Hands during the UQ debate stated that both safeguard triggers and review clauses are “typical of free trade agreements”.<sup>10</sup> **Could you confirm whether these options are being pursued by UK negotiators? Also, what other options, if any, is the Government considering to protect British farmers?**

The Government has repeatedly said that it will not compromise on the UK’s animal welfare standards, food safety and the environment in the pursuit of trade agreements.<sup>11</sup> The RSPCA’s view is that animal welfare standards in Australian beef are “well below” UK standards and Australia still allowing feed-lots, barren battery cages, hot branding of cattle and substantially greater cattle transport times.<sup>12</sup> On several occasions, in response to concerns on Australian production methods, Greg Hands stated that hormone beef will remain illegal because “we will not be changing our import standards”.<sup>13</sup> “Yet there is a distinction to be drawn between UK import bans on animal health/sanitary grounds—which includes the ban on hormones for meat production—and Australian production methods that are banned in the UK, but which would not lead to import restrictions. These encompass animal welfare practices as set out above, but also include the use of certain pesticides and antibiotics. For example, Australia still allows the use of low doses of antibiotics for growth-promoting purposes, which have been banned in the UK since 2006.

We of course look forward to receiving the Government’s report under the Agriculture Act 2020 later in the year, containing the new Trade and Agriculture Commission’s advice on the UK-Australia FTA and its assessment of whether provisions in the agreement are consistent with maintaining UK statutory protections on animal/plant health, animal welfare and the environment. **However, as part of the negotiations, has the Government considered adding provisions to the FTA that would require imports to meet certain production standards and if not, why not? Also, how will the Government ensure that the UK does not incentivise farming practices overseas, including in CPTPP member countries, that are damaging for the environment and undermine the Paris Agreement goals?**

Finally, the bilateral FTA with Australia is billed as a gateway to the CPTPP. Your letter of 4 June to all peers states that accession to the CPTPP “would give British farmers better access to the massive consumer markets of the present and future”. In written evidence to the Committee, the NFU acknowledged that British farmers and agri-food producers may benefit from increased access to the CPTPP market, with high-quality dairy products, beef and sheep meat likely to benefit. Yet this was tempered by the need for “further exploratory work” of the

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<sup>9</sup> Q40 (Nick von Westenholz, NFU)

<sup>10</sup> HC Deb, 27 May 2021, [col 551](#)

<sup>11</sup> See HC Deb, [cols 549-562](#), 27 May 2021

<sup>12</sup> Q43 (David Bowles, RSPCA)

<sup>13</sup> See, for example, cols [553](#), [555](#), [556](#), [557](#), [558](#) of HC Deb, 27 May 2021

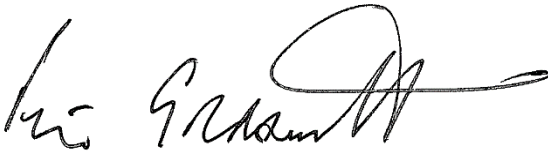
overall benefits of joining CPTPP. **What is the Government's estimate of the value of the new export opportunities that British farmers could benefit from in each of the CPTPP member countries?**

The UK Government has previously discussed the use of carve-outs and side letters to make some changes to the operation of the CPTPP agreement to better match British interests. **Is this still the Government's assumption? Does it believe that it will be able to negotiate side letters and carve-outs with individual CPTPP members?**

Given we expect agreement in principle with Australia to be announced imminently, we would welcome a response to this letter as soon as possible. Although both the UK and Australia have announced that they will aim for agreement in principle in June, given the Australia deal may be used as a template for future trade negotiations, we call on the Government to take the necessary time to get the balance of concessions right, even if it means missing the June deadline.

I am copying this letter to Angus Brendan MacNeil MP, Chair of the Commons International Trade Committee; the Minister for Trade Policy, the Rt Hon Greg Hands MP; and the Minister for International Trade, Ranil Jayawardena MP.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Rt Hon the Lord Goldsmith QC', with a large, stylized flourish at the end.

Rt Hon the Lord Goldsmith QC  
Chair of the House of Lords International Agreements Committee