



Department for  
International Trade



Department for  
Business, Energy  
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6 July 2021

Dear Peter,

Thank you for your detailed letter regarding the UK's free trade agreement negotiations with Australia. As you are aware both parties have reached an Agreement in Principle (AiP) and the UK Government published a corresponding document. May I also point you to the Secretary of State's Oral Statement in the Commons and the Repeat in the Lords where I answered questions from other Noble Lords. Please allow me to provide a response in turn to your specific questions:

*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? And:*

*We note that Greg Hands during the UQ debate stated that both safeguard triggers and review clauses are "typical of free trade agreements". 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?*

Under the FTA, the UK has provided multiple forms of protection including a general bilateral safeguard mechanism which will provide a safety net for industry if they face serious injury from increased imports as a direct consequence of the FTA.

The first instrument – known as a Tariff Rate Quota - lasts 10 years and automatically applies a tariff starting at around 80% for beef and 53% for sheep meat to imports above a certain volume threshold (known as the quota). The second instrument, from year 11 to 15, is known as a product specific safeguard which imposes high tariffs – of 20% for beef and lamb – above a volume threshold.

On top of this there will be a General Bilateral Safeguard – will allow tariffs to be applied if the industry can show there is serious injury, or threat thereof, from a surge of imports as a direct result of this FTA.

This phase-in period gives UK farmers sufficient time to continue to drive productivity improvements that will make UK produce ever more competitive on price as well as

quality. We are working hand in hand with farmers on our plans for a renewed agricultural sector, which will transform the way we support farmers. The new system will be centred around incentivising sustainable farming practices alongside profitable food production.

The scoping assessment published in June 2020 assessed the potential impacts of a deal, before negotiations started, under various illustrative scenarios. Following the conclusion of negotiations, we will be updating the analysis and publishing a full impact assessment prior to implementation of the agreement.

As for a review clause, at the Agreement in Principle stage the issue of review points have not yet been finalised. We understand that this issue is important to Parliament and our stakeholders and want to take the time to get it right.

*What assessment has the Government made of the cumulative impact of market access concessions on British farmers?*

Ahead of negotiations, on 17 June 2020, the government published economic analysis on the scale of the additional benefit to the UK from having a deal with Australia – just as we have done with the US, New Zealand and most recently CPTPP. As mentioned above, following the conclusion of negotiations, we will be updating the analysis and publishing a full impact assessment prior to implementation of the agreement. The Government also understands the need for ongoing monitoring and evaluation of its FTAs, alongside the importance of continually reviewing the impact of our new FTAs. We are currently developing the tools and approaches to undertake monitoring and evaluation activities.

*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?*

No single deal sets a blueprint for future deals. All trade deals are bespoke and different and are tailored to the relationships and markets of the countries involved - there is no one size fits all.

*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". We would be grateful if you could elaborate on this point and provide the detail underpinning the Minister's statement to the Committee.*

It is unrealistic to think large volumes of beef and sheep will be diverted to the UK from lucrative nearby markets – especially when we know British customers have a preference for buying British. According to the National Beef Association, 81% of beef sold in the UK is under the British logo, with Aldi, Budgens, the Co-op, Lidl, Marks & Spencer, Morrisons and Waitrose all using 100% British beef.

In fact, we expect any Australian imports to first displace EU imports. Imports from the EU account for the majority of beef imports, making up 98% of total beef imports into the UK in 2020. We are importing 230,000 tonnes annually tariff free from the EU right now – this deal with Australia only builds to a maximum volume of under half of that over the next decade.

*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?*

This deal will not compromise our high standards. We have agreed a non-regression clause on animal welfare with Australia, this is a first in an FTA. Securing a commitment to non-regression on animal welfare standards means that neither country can lower their animal welfare standards to undercut the other on trade. We have secured groundbreaking provisions on Animal Welfare going further than any FTA in force anywhere in the world. Australia's welfare standards are higher than many other countries around the world.

During the Oral Statement Repeat in the Lords, I acknowledged there were many grading systems when my Noble Lord, Lord Grantchester, referenced the World Animal Protection Index which awarded Australia a 'D' mark, versus a 'B' for the UK. However, I would like to reiterate that Australia is marked 5 out of 5 (the highest possible) by the World Organisation of Animal Health (OIE)'s Performance of Veterinary Services (PVS) Evaluation Team for animal welfare.

*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?*

CPTPP affirms commitments to the implementing Multilateral Environmental Agreements to which members are party. It further prohibits members from waving, derogating from and failing to enforce environmental laws to encourage trade or investment. These provisions are subject to the dispute resolution mechanism of the agreement providing a robust enforcement mechanism to ensure parties are held to account if they are found to have failed to uphold commitments made in the environment chapter.

*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?*

DIT projects that exports to CPTPP could increase by £37bn by 2030. In addition, DIT estimates that accession to CPTPP could increase UK exports to CPTPP by £1.7bn in the long run. In addition to increased exports, FTAs can create other benefits such as cheaper inputs and greater domestic demand fuelled by greater GDP. In 2019, 3.7% of UK exports to CPTPP was in agri-foods sectors.

*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?*

During the accession process we will work with CPTPP members to ensure alignment between UK domestic policy and CPTPP provisions, including where clarification may be required. We will throughout the agreement ensure high standards and protections for UK consumers and workers in line with our existing international obligations. This will include not compromising on our high environmental protection and net zero commitment, labour protections, animal welfare and food safety standards.

Finally, I note that your committee would like to invite me to a hearing before the end of the Parliamentary session to discuss both the UK-Australia AiP and the CPTPP negotiations. I would be pleased to do so, and my office will work with your committee clerks to find a suitable time and format.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Grimstone". The signature is written in a cursive style with a large initial 'G' and a long tail.

**Lord Grimstone of Boscobel, Kt**  
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