



House of Commons
Welsh Affairs Committee

**Implications of the UK/
Australia FTA for Wales:
Government response
to the Committee's
Third Report of Session
2021–22**

**Third Special Report of Session
2021–22**

*Ordered by the House of Commons
to be printed 24 November 2021*

Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the Senedd Cymru—Welsh Parliament).

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The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via www.parliament.uk.

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Committee staff

The current staff of the Committee are Rosie Akeroyd (Committee Specialist), Miranda Good (Assistant Clerk), Dr Adam Evans (Clerk), Louise Glen (Committee Operations Manager), Chloe Jago (Media Officer), Xameerah Malik (Senior Committee Specialist), Lucy Morgan (Committee Specialist), Chloe Smith (Committee Specialist), Kelly Tunnicliffe (Committee Operations Officer).

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Third Special Report

The Welsh Affairs Committee published its Third Report of Session 2021–22, [Implications of the UK-Australia FTA for Wales](#) (HC 481) on 4 August 2021. The Government’s response was received on 16 November 2021 and is appended to this report.

Appendix: Government Response

Recommendation 1: *Given that trade agreements overlap with areas of devolved competence, we suggest that the Welsh Government should have access to the draft treaty text prior to publication.*

Response

The UK Government is responsible for negotiating international trade agreements on behalf of all the constituent nations and regions in the UK. DIT recognises that modern trade agreements interact with areas of devolved competence and that the DAs have an interest across a wide range of areas.

DIT has created engagement structures at all levels to ensure a constructive approach to working with the DAs. These include the quarterly Ministerial Forum for Trade, regular bilateral ministerial meetings, the six-weekly Senior Officials Group, Chief Negotiator calls running parallel to negotiation rounds, six-weekly chapter-specific policy roundtables and weekly working level engagement.

During our negotiation sprint with Australia, senior officials from DIT increased their frequency of meetings with their DA counterparts. The Minister for Trade Policy has also discussed the FTA with his DA counterparts and will continue to do so, including through the Ministerial Forum for Trade.

We have also committed—and delivered on the commitment—to sharing FTA draft treaty text with the devolved administrations prior to any signature with our trading partners. We also shared an embargoed copy of the final Treaty text and the economic Impact Assessment.

Recommendation 2: *We reiterate our previous recommendation that the UK Government should publish a Wales-specific impact assessment for free trade agreements (FTAs).*

Response

DIT publish scoping and impact assessments at the launch and conclusion of FTA negotiations, respectively. These provides analysis of the potential impacts on the nations and regions of the UK.

Recommendation 3: *The UK Government should clarify, in the explanatory memorandum accompanying the final treaty text, what conditions would need to be met for agricultural safeguards to be applied in years 10–15 after the agreement comes into force.*

Response

British food and drink is the best in the world and as an independent trading nation we're seizing new opportunities for British farmers that were previously denied to us. Our goal is a long-term sustainable future for British farming, based on high standards, competitiveness and productivity, which meets the growing demand for our world-class produce. This deal with Australia will benefit the agri-food industry by removing tariffs on all UK goods whilst protecting important UK agricultural sensitivities.

Any deal we sign will include protections for the agriculture industry and will not unfairly undercut UK farmers or compromise our high standards.

For beef, in the subsequent 5 years (year 11–15 after entry into force) a product specific safeguard will be applicable to beef imports exceeding a volume threshold rising in equal instalments from 122,000 in year 11 to 170,000 tonnes in year 15, levying a safeguard duty of 20% for the rest of the calendar year if the volume is exceeded. For Sheep meat, in the subsequent 5 years (year 11–15 after entry into force) a product specific safeguard will be applicable on sheep meat imports exceeding a volume threshold rising in equal instalments from 85,000 in year 11 to 125,000 tonnes in year 15, levying a safeguard duty of 20% for the rest of the calendar year if the volume is exceeded.

Additionally, 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. This applies to all products. Global safeguard measures can be applied if there is serious injury or threat thereof, from an unforeseen surge of imports on any product, from any trading partner. Rather than it being an FTA-specific form of protection like the general bilateral safeguard mechanism, it is a tool which can be deployed if the criteria is met under the WTO Agreement on Safeguards.

Recommendation 4: *The UK Government should also explain how it intends to work with the Welsh Government to ensure that its wider trade strategy is coherent with ambitions to make farming more productive and sustainable.*

Response

We understand that the Welsh Government, and all Devolved Administrations (DAs), have a significant interest in international trade policy and DIT works closely with them to deliver policy that reflects the interests of all the nations within the UK.

DIT has created engagement structures at all levels to ensure a constructive approach to working with the DAs (see response to recommendation 1). This programme of engagement totals hundreds of hours at official level and dozens at Ministerial level.

There is high alignment on a number of areas and we continue to address DA interests by working constructively with them. For example, prior to Japan negotiations DA officials commented on draft negotiating mandates and during negotiations draft legal text for areas of devolved competence. As a result, Welsh Government welcomed the UK-Japan CEPA in its impact assessment and recognised enhancements made on the EU-Japan EPA.

Recommendation 5: *The UK Government should respond to the report of the first Trade and Agriculture Commission.*

Response

The breadth of the Trade and Agriculture Commission’s recommendations is extensive—covering strategic policy, standards, export support, staffing, marketing, human rights, environment and animal welfare.

The report warrants a serious, considered response, not a rushed one. We’re continuing to discuss the key issues raised and will publish our response as soon as it is ready. We can assure the committee that the response will explicitly uphold and affirm the Government’s commitment to maintaining and protecting the UK’s high agri-food safety standards.

We will not pursue any trade deals that would undermine UK farmers unfairly or compromise those high standards.

Recommendation 6: *To improve scrutiny of future FTAs, the TAC’s report should be published alongside the final text, impact assessment and explanatory memorandum.*

Response

The TAC’s independent advice will be published to inform Parliamentarians as they scrutinise an FTA in advance of ratification, under the Constitutional Reform and Governance Act (CRaG). This is in addition to the enhanced arrangements that the Government has put in place, including publishing an independently scrutinised impact assessment of the deal and allowing time for the relevant Select Committees to produce a report on the FTA.

Recommendation 7: *On establishing the statutory TAC, the UK Government should publish a statement clearly outlining the role of the TAC and the role that the TAC will play in feeding into Parliamentary scrutiny of FTAs.*

Response

The TAC’s role will be as debated and approved during the passage of the Trade Act 2021 and the Agriculture Act 2020. The TAC’s independent advice will be published to inform Parliamentarians as they scrutinise an FTA in advance of ratification, under the Constitutional Reform and Governance Act (CRaG). This is in addition to the enhanced arrangements that the Government has put in place to inform parliamentary scrutiny.

Recommendation 8: *The TAC must include at least one member who understands and has direct experience of the agricultural and regulatory landscape of Wales.*

Response

The Commission collectively must have detailed knowledge of the regulatory landscape of the UK—this will come from the breadth of the membership.

Recommendation 9: *In order to maximise opportunities for Welsh farmers to export their goods and access new markets, the UK should significantly increase the number of Agriculture and Food Counsellors based overseas, particularly in the Asia-Pacific and Middle East regions*

Response

The Department for International Trade prioritises the promotion of British and Northern Irish Agriculture, Food and Drink overseas. Significant numbers of trade promotion staff work globally in embassies and consulates around the world to help unlock market access barriers as well as identify opportunities for agricultural exporters. These include agriculture counsellors based in China and the UAE. They are responsible for market access, providing specialist knowledge and engagement in Government to Government discussions on behalf of UK interests. We aim to expand their number to cover more new and exciting trading markets to accelerate efforts to deliver further opportunities to exporters.