

To: House of Commons International
Trade Committee

Date: February 2022

Contact: [Gail Soutar](#)

The NFU represents 55,000 members across England and Wales. In addition, we have 20,000 NFU Countryside members with an interest in farming and rural life.

NFU response to House of Commons International Trade Select Committee inquiry: Agreement with Australia

Summary

1. There is little in this deal to benefit British farmers. When it comes to agriculture, it appears that the Australians have achieved all they have asked for and British farmers are left wondering what meaningful benefits have been secured for them. This will just heap further pressure on British farm businesses already facing serious challenges such as a squeeze on labour, the phasing out of support payments and rocketing input costs.
2. The NFU is not opposed to free trade, but we do believe that deals must be balanced in respect of offering reciprocal benefit. They should also have adequate measures or safeguards in place to maintain domestic production standards and for those sectors deemed as sensitive. Without this, it is difficult to see how these deals match up to the government's rhetoric to support our farmers' businesses and to uphold our high animal welfare and environmental standards
3. Despite the UK Government's assurances on sensitive sectors, products such as beef and lamb will be completely liberalised for Australian imports after 10 years, sugar after 8 years and dairy after 5 years. Specific bilateral safeguards within the terms of the agreement will only be available for a further five years beyond the point tariffs are removed. This means for beef and lamb there is no safeguard against a surge of Australian imports from year 16 onwards, year 14 for sugar and year 11 for dairy. Furthermore, the meat quotas will be calculated on the basis of shipped product-weight, meaning more high-value cuts can be prioritised for export by Australian producers putting further pressure on market returns for British beef and lamb producers. The additional sugar volumes granted to Australia will coincide with the continuation for the next 3 years of the UK's global Autonomous Tariff Quota (ATQ) of 260,000t.
4. British farmers are being asked to go toe-to-toe with some of the most cost-effective food producers in the world. But there is scant evidence that the government has the vision to create the conditions to allow our farmers to compete. We have seen some welcome developments in recent weeks, including the announcement of additional agricultural attachés in our overseas embassies, and the commitment to establish a UK Export Council, but details remain sketchy, and much more is needed.
5. We see almost nothing in the deal that will prevent an increase in imports of food produced well below the production standards required of UK farmers or in line with the expectations of the British public; for instance, on land cleared of forest for cattle production or systems that rely on the transport of live animals in ways that would be illegal in the UK. There is also nothing in the deal that realises protection and enhanced value for products carrying UK Geographical Indications.
6. Despite the downsides, there may be some areas of the deal where UK farmers could benefit directly and indirectly – for example through the export of dairy (premium cheeses), processed products (cereal preparations, cakes and biscuits) and alcoholic beverages (whisky and gin), although it is not clear that these benefits will be substantial, and increased trade in processed goods may benefit imported goods as much as domestic raw materials. The establishment of a specific UK-Australia SPS committee tasked with monitoring the implementation of the agreement

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and to provide a forum where parties can raise any concerns is welcome. For example, it could prove a useful forum for addressing barriers such as the Australian embargo on exports of UK pig meat and genetic materials.

Introduction

7. The NFU welcomes the opportunity to provide evidence to the Committee's inquiry on the impact of the Australia Free Trade Deal (FTA) on food and agriculture. International trade is fundamental to farming, the value chain it services, and the consumers who buy our products. The NFU supports an international trade outcome that support farmers to grow their businesses and to produce food for Britain and beyond.
8. We continue to welcome the government's commitment to grow our exports of great British food abroad. We also support the government's stated objectives in its Free Trade Agreement (FTA) negotiations to secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, including in agriculture. However, the NFU does not believe that the deal signed by the UK Government with the Australian Government on the 16th December 2021 sufficiently addresses the conditionality underpinning our government's stated objective.
9. The Australian deal, coupled with the New Zealand "Agreement in Principle" signed in October 2021, represents a significant liberalisation of the UK marketplace. This means we will be opening our doors to significant extra volumes of imported food – whether or not produced to our own high standards – while securing almost nothing in return for UK farmers.

How good a deal is the UK-Australia FTA for the UK?

10. Unfortunately, there is little in this deal to benefit British farmers. When it comes to agriculture, it appears the Australians have achieved all they have asked for and British farmers are left wondering what meaningful benefits have been secured for them. *"This is the most comprehensive and ambitious free trade agreement that Australia has concluded, other than with New Zealand."* [Australian Prime Minister, Scott Morrison 17th December 2021](#)
11. Australia represents a market of almost 26 million inhabitants, compared to the UK population of 67.1million people and at present trade between both parties is well balanced. However, the structural gap between markets means that there is potential for the modest surplus the UK currently enjoys in agri-food trade with Australia, to shift to the detriment of UK producers.
12. The scale of production in Australia is large in comparison to the UK and Australian producers have cost of production advantages over the UK in many sectors. Australia produces substantially more food than it consumes. On average it exports 71% of its agricultural production and imports only 11% of food consumed.
13. The UK currently exports £473m worth of agri-food products to Australia (see Annex 1), of which £167m (40% of the total value of UK agri-food exports to Australia) is whisky. Other categories currently exported to Australia include dairy, meat and intermediate products such as cereals preparations and finished consumer products such as chocolate, baked goods and confectionary. Meanwhile Australia sends us £361m worth of agri-food, including £167m in wine (69% of the total). Trade between the two nations is at present relatively limited and predominantly focused within a limited number of product lines. The UK is presently Australia's 15th largest export market and more than 80% of Australia exports to the UK are wine, beef and sheep meat. Removing tariffs across all agri-food products is likely to facilitate growth within product categories where tariffs were seen previously as a barrier and within sectors where the exporting nation is highly competitive, for example in the red meat sector where UK's MFN tariffs range from 65%-113% for beef and 38-62% for lamb.

14. Meat and Livestock Australia (MLA) sees the FTA as a means of significantly enhancing Australia's access to the UK's red meat market. *"The UK is a market with good growth potential for Australian red meat exports, supported by its large population of affluent consumers very familiar with red meat. Despite having limited access to the UK market since it joined the European Common Market in 1973, the UK has been among Australia's highest value export markets. Looking ahead, the Australia- United Kingdom Free Trade Agreement will modernize the existing trading regime and significantly enhance Australia's access to the market."* [Meat and Livestock Australia December 2021](#).
15. There are some areas of the deal where UK farmers could benefit directly and indirectly, for example through increased market access for of dairy (premium cheeses), processed products (cereal preparations, cakes and biscuits) and alcoholic beverages (whisky and gin). However, it is important to note, that bar the removal of Australian tariffs on cheddar and mozzarella, which are significant (at about 25%), the benefits for the UK's farming sector of reciprocal liberalisation of tariffs within this deal is limited. In part this is because of Australia's low starting point on many of its tariffs (i.e. many are at zero or 5%), but also due to the comparative size of the Australian market compared to the UK. In short, the UK has gone much further and has given up far more in terms of highly prized market accesses concessions than Australia has (see Table 2) without getting much in return, for instance when it comes to protection of GIs. There is far more in this deal of benefit for Australian famers than is for UK farmers.

Table 2. Examples of base rate tariffs

	Australia	UK
0202 Beef	0%	65%-113%
0204 Sheepmeat	0%	38%-62%
0406 Stilton	0%	£1.17/kg
0406,20,30,40,90 (cheddar, mozzarella etc.)	\$1.22/kg (approx. 24-28%)	Cheddar £1.39/kg, (approx. 44%)
2208,30 Whiskies	5%	0%
19 04, 05 Prepared bakery goods, cakes, biscuits etc.	0%-5%	Approx. 8%
1701, Raw sugar cane	0%	£28/100kg

To what extent has the Government achieved its stated negotiating objectives?

16. We support the government's stated objectives in its Free Trade Agreement (FTA) negotiations to secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, including in agriculture. However, the NFU does not believe that the deal signed by the UK Government with the Australian Government on the 16th December 2021 sufficiently addresses the conditionality underpinning our government's stated objective.
17. The NFU is not opposed to free trade, but we do believe that deals must be balanced in respect of offering reciprocal benefit. They should also put adequate measures or safeguards in place to respect domestic production standards and for those sectors deemed as sensitive.
18. The deal confirms three elements considered by government to offer UK farmers "safeguards". The NFU welcomes the inclusion of these safeguard measures and believes that such provisions are prudent in ensuring domestic producers are protected against a surge of imports in the event it should be necessary. However, the true efficacy of the package of safeguard measures included in the deal is indeterminate.
19. The first aspect considered to be a "safeguard" is the use of tariff rate quotas (TRQs), covering a number of sensitive sectors. These TRQs will see steadily increasing volumes of imported products

enter at zero duty, granting immediate access for large quantities of product over and above current levels of trade. For example, in Year 1 Australia will have access to 35,000t beef quota at zero duty. This equates to around 10% of the total's UK import requirement. By Year 10, beef quota volumes will increase to 110,000t which is 30% of the UK's import requirement and more than 12% of total UK production.

20. It is unclear how these quota volumes have been established. The government has not published analysis or modelling to justify the amounts set, nor to provide reassurance to farmers that at the level set, the quota volumes will provide an effective safeguard during the tariff phase out period. Clearly having them will provide a maximum ceiling in the amount of product that can be imported duty free during the phase out period, but the volumes are so great, that even in Year 1 significant increases in imported volume could have a disruptive effect on the UK market.
21. It is disappointing that the volumes set within the beef and lamb TRQs are determined in "shipped product weight" and not the more conventional "carcase weight equivalent" (which takes into regard a coefficient acknowledging that not all parts of an animal's carcase are saleable and is therefore a fairer way of determining volumes of saleable product.) Shipped product weight favors the imports of high value cuts, such as striploins and boneless legs of lamb and results in imbalance across the carcase.
22. The quotas are single product quotas with no further conditions attached. For example, the beef quota is for total exportable volumes of beef, it is not split into volumes for fresh / frozen / bone in or boneless product. When determining whether the existence of a progressively sizeable quota is to be considered an effective safeguard, we cannot just consider the volume of imports limited by the quota– we must also consider the value. A relatively small volume of high value imports, such as steak cuts of Australian beef entering under the TRQs has the potential to significantly disrupt domestic markets and negatively impact British beef farmers. For example, a quota usage of say 20% in Year One (i.e. 7,000 tonnes of striploins) would require the equivalent of 20% of UK prime beef kill to produce.
23. The second aspect outlined by the government as a further "safeguard" is a product specific safeguard that will run from Years 11-15 for beef and lamb. This safeguard would allow the UK to apply a tariff of 20% on volumes of beef and lamb above certain volumes. In Year 11, the Australian's will be able to send 122,000t of beef to the UK duty free, rising to 170,000t in Year 15 (almost half of the UK's total beef import requirement). Additional volumes above those safeguard level would be subject to a 20% tariff. At such significant proportions of total import requirement, it is hard to see how effective the product specific safeguards will be.
24. The third is a bilateral safeguard which can be applied to all goods, whilst tariffs are being phased out, but not beyond the end of the transitional period (defined in Chapter 3, Article 3.1 as "five years after the completion of the customs duty reduction or elimination in relation to the good.") –i.e. in the case of beef and lamb a bilateral safeguard is available up until Year 16, for sugar until Year 14 years and until Year 11 for dairy.
25. To use the bilateral safeguard clause there is a requirement to demonstrate serious injury or threat of serious injury to domestic production (Chapter 3, Article 3.6). The first and second "safeguards" identified above are product specific and can be triggered at an arbitrary and pre-defined volume of imported product (but not at a pre-defined value of imported product). However, the "bilateral" safeguard measure applies to all goods and is intended to provide protection if the sector faces injury as a consequence of increased trade with Australia. In this event, the UK Government could trigger an investigation and apply on a provisional basis (pending the outcome of the investigation) actions to reinstate tariffs or suspend further tariff liberalisation only to "the extent necessary to prevent or remedy the serious injury and to facilitate the adjustment of the domestic industry." If the government were to take such action, the length of time such action can remain in place is limited to two years, with a further two years possible under exceptional circumstances. The conditions of use

are also subject to a range of caveats which would have to be considered in any potential actions taken by the government.

26. The bar to trigger action under the safeguard clause is set high. "Serious injury or threat of serious injury" is not the language of ordinary events in routine trade. Direct causal effect would have to be proven to be as a result of the increase in imports from Australia specifically (and not as a result of market conditions generally). In practice, this makes these types of clauses very difficult, if not impossible, to apply. It is much more likely that market pressure will happen because of the cumulative impact of increasing imports from around the world at the same time. The safeguard clauses in the UK-Australia FTA offer no protection against this. We call on government to step up its market monitoring to ensure any warning signs are picked up and action is taken early. We have watched how the government has handled the crisis in the pig sector where there is clear evidence of "injury", cumulating in healthy animals culled on farm and farmers' livelihoods destroyed. We hope this experience is not repeated.
27. Furthermore, the purpose of the safeguard is ultimately to facilitate the adjustment of the domestic industry to the new trading environment. It is not clear how the sector would be expected to adjust given the nature and somewhat limited options many farmers, especially livestock farmers in the UK's uplands would have.
28. Notwithstanding our concerns regarding the applicability and efficacy of the bilateral safeguards, it is disappointing that the UK Government's ability to potentially use them is also time limited. The agreement includes no safeguards that can be applied in respect of Australian imports five years after the corresponding tariff for that good is eliminated (i.e. this is from Year 16 onwards for beef and sheep, which is the longest timeframe for any products under this deal on which these safeguards can be used). The NFU is therefore troubled by the Secretary of State for International Trade's response to a question by Neil Parish MP, that the general bilateral safeguard is available at any point to protect a particular domestic industry.
29. *"To reassure my hon. Friend on the safeguards, which are as robust as they come, we have secured three levels of protection. The first, the tariff rate quota, sets a maximum level for tariff-free imports in the first 10 years; specific agricultural products are listed and anything above that would face a much higher tariff. The second level applies from years 11 to 15 of the agreement and is known as the product specific safeguard; it has a broadly similar effect, bringing high tariffs above a volume threshold. The third is a general bilateral safeguard mechanism, or temporary safety net, allowing measures to be imposed in the form of increasing tariffs or the suspension of tariff liberalisation completely under the agreement for up to four years, and they can be applied on all products liberalised under the agreement at any point to protect a particular domestic industry. I hope that reassures my hon. Friend."* [Anne-Marie Trevelyan, Hansard 06.02.22](#)

To what extent does the FTA deliver on the UK-Australia Agreement in Principle?

30. The Government announced an Agreement in Principle (AIP) with Australia on the 15th June 2021. The FTA text, by in large delivers on the terms set out in the AIP. The NFU expressed its concerns, at the time of its publication, the potential negative impact of completely eliminating all tariffs on imports from one of the biggest agricultural exporters in the world. Details were scarce within the AIP and it was the NFU's understanding that critical negotiations on safeguards and quota management would continue. The NFU continued its engagement with government proposing ways to manage the quotas and the nature of the safeguard provisions. It is disappointing that further points of detail relating to the management of quotas were not forthcoming in the FTA text, for example splitting red meat quotas into product codes (fresh/ frozen, chilled / frozen) and the use of Carcase Weight Equivalents (CWE) rather than shipped product weight.
31. There was no mention of animal welfare and environmental standard in the AIP. As outlined elsewhere in this evidence. We see almost nothing in the deal that will prevent an increase in imports of food produced well below the production standards required of UK farmers or in line with

the expectations of the British public; for instance, on land cleared of forest for cattle production or systems that rely on the transport of live animals in ways that would be illegal in the UK.

32. We note the commitment made by the Australian government in the “Agreement in Principle¹” (AIP) published on 17th June 2021, that “neither side will seek additional access or faster tariff reduction through the UK’s accession to CPTPP.” Given the scale of the UK’s liberalisation commitments with Australia and latterly with New Zealand, it is difficult to conceive what more the UK Government could grant Australia that they don’t already have under the terms of the bilateral FTA. Nevertheless, the commitment from Australia not to seek further market access concessions in goods is a welcome element of the agreement. It is however unclear whether the commitment made in the AIP has been translated into a legal commitment within the text of the agreement.

How are the terms of the FTA between the UK and Australia likely to affect those that you represent?

33. Australia is one of the major global agricultural players and as such represents direct competition for UK agricultural producers. It is the world’s biggest beef exporter (by value in 2019) and second largest (behind Brazil) in volume terms. It produces around 2.4 million tonnes of beef, exporting around 70% of its production. In comparison, the UK produces around 900,000t of beef meat each year and imports are relatively stable at about 360,000t. Australian exports alone generate more than double the total output of the UK’s beef sector (AUD \$10.8bn v £2.75bn).
34. Australia accounts for 7% of global sheepmeat production and is the largest exporter of sheep meat in the world, controlling 48% of the global market.
35. Australia exports 80-85% of their sugar cane crop. It is the second largest export crop for Australia after wheat. In 2019 Australia produced 4.3m tonnes of sugar, of which 3.4m tonnes were exported. In comparison, the UK produces around 50% of its domestic consumption, with 1.1m tonnes of sugar produced in 2019.
36. UK farmers face significantly higher costs of production than farmers in Australia. For example, the cost of production for Australian beef farmers is around 2.5 times less than UK farmers and Australian sheep farmers can produce sheep meat 65% lower than in the UK. Differences in cost of production vary primarily as a result of vastly different scales of production. For example, of the cattle in Australia on feedlots (grain-fed), over 60% are on farms with a capacity for over 10,000 animals. In England the average size of a beef cattle herd is 27 animals and only 4% of beef farms here have more than 100 beef cows. Differences in climate also mean that animals in Australia are kept outside for longer which further reduces cost.
37. Having significantly lower costs of production gives Australian farmers a huge competitive advantage. Lower costs of production mean greater resilience and profit margins for producers who can supply a range of markets at different price points, meeting consumer demands in multiple markets around the world.
38. The signing of this deal, coupled with the New Zealand Agreement in Principle (AIP), represents a significant liberalisation of the UK marketplace. The UK is likely to see an increase in the level of highly competitively priced imports of products which can be produced here, challenging UK producers’ position as the No.1 supplier of choice. The government is asking British farmers to go toe-to-toe with some of the most export orientated and competitive farmers in the world, without the serious, long-term and properly funded investment in UK agriculture that can enable us to do so. There needs to be a coherent approach across government to bolster UK farming’s productivity and ensure that agri-foods are at the heart of our nation’s export growth plans.
39. The Australian Government is investing \$85.9 million to help Australian agribusinesses expand and

¹ [UK-Australia FTA negotiations: agreement in principle - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-australia-fta-negotiations-agreement-in-principle)

diversify their export markets through the Agri-Business Expansion Initiative (ABEI). Announced on 23 December 2020, ABEI is part of a long-term strategy and commitment by the government, in close collaboration with industry, to help achieve sustainable growth and resilience in our agribusiness exports. There are four key elements of ABEI, including grants for market expansion, boosted in-country engagement activities, accelerated work on technical market access and greater collection and delivery of market intelligence to exporters. A fifth element is being delivered by Austrade and involves scaling-up their business support services to assist over 2,000 agri-food exporters each year. We have seen some welcome developments in recent weeks, including the announcement of additional agricultural attachés in our overseas embassies, and the commitment to establish a UK Export Council, but details remain sketchy, and much more is needed.

40. The [government's impact assessment](#) confirms that the agriculture and semi-processed foods sectors are expected to see an increase in competition and are estimated in the modelling to contract domestic output relative to the baseline without the agreement. The primary agriculture and semi-processed foods sectors are expected to experience a reduction of around 0.7% (£94m) and 2.65% (£225m) in their GVA respectively relative to baseline growth in the sectors. The government acknowledges that "there are limitations to its CGE model's ability to accurately reflect changing trends, which increases the uncertainty over the extent to which the estimated sectoral impacts for all of the sectors are likely to occur in the long run."
41. An alternative modelling approach for the beef and lamb sectors is therefore included in the government's impact assessment document (page 32). It suggests a reduction in gross output of around 3% for beef and 5% for sheepmeat as a result of liberalisation. Taking Defra's Agriculture in the UK 2020, the gross output of beef production in 2020 was £2.929bn 3% off this is equivalent to £87million and 5% off sheepmeat, with a gross output of £1.346bn, would be £67million. The government model therefore finds as a result of its policy of liberalization with Australia alone, UK red meat farmers will be £154million worse off as a result of deal, relative to what they would otherwise be without the FTA, via lower prices and less production in the UK. The modelling does not take into consideration further pressures on the sector as a result of the liberalization deal announced with New Zealand.
42. It is not possible to say with certainty how Australian exporters and UK importers will respond to the trade deal. Currency fluctuations, geo-political issues and variations in supply and demand will all have an impact on international markets.
43. It is clear however, that Australian exporters value a diverse range of markets to ensure that global sales are optimised and that any market disruption effects can be minimised by having a range of options open to them. AHDB notes in its analysis of the Australia deal (November 2021) that "*geographically closer markets are probably more attractive than the UK market and the qualitative model demonstrates that in a stable world the impact of the trade deal will increase imports into the UK from Australia by relatively small amounts*". However, it goes on to note that "*many Australian agricultural exports are currently going into markets where there can be significant non-economic trade barriers imposed rapidly e.g. China. If some of these markets were closed off to Australia, or demand fell due to lower economic performance of some of Australia's current customers then it is quite possible the UK would be a very attractive market and trade flows could increase much more significantly in those situations.*" It concludes therefore that "*with Australian producers enjoying considerable cost of production advantages, the implications of lower priced material coming into the UK at some point (possibly quite soon) is very real and potentially substantial. When we include the change to farm support payments in the years ahead, the opening of trade represents a real risk to domestic farm supply chains.*"
44. The threat of geopolitical factors affecting current Australian agri-food trade is not theoretical. A worsening of diplomatic relations with China is already having an impact on Australian exports. Over the last year there has been a 38% fall in the volume of beef exports to China from Australia. The uncertainty over precisely how much Australia will capitalise on its newfound preferential access to the UK agri-food market is precisely why the NFU has advocated the

inclusion of more robust and meaningful safeguards than those available under the terms of the deal. If our concerns don't come to pass the inclusion of such measures would be academic as they would never be called upon.

45. Ultimately concluding this deal with Australia represents a significant liberalisation of the UK marketplace. To date we have seen very little from the government on how it will work with the industry to achieve the gains necessary to thrive within this new more competitive trading environment - promoting exports, driving efficiencies and increasing productivity. If the UK does not take a joined-up approach between domestic policy and international trade, it will be challenging for UK farm businesses to compete with Australia either at home or abroad.
46. The UK Government should maintain an ongoing review programme of all FTAs as they are implemented and through the lifetime of the agreements. This should include a regular assessment of agri-food imports and exports under individual FTAs, looking at the associated effect on domestic prices and levels of UK self-sufficiency and changes in market penetration for UK exports. It should take into account the cumulative impact of each additional FTA as they are agreed and implemented. This will give reassurance to farmers that there is a solid evidence-base to develop domestic and trade policies dynamically as our new FTAs come online to help industry adapt and adjust as necessary. The government should identify an independent body to have responsibility for compiling and publishing the report. For instance, the Trade and Agriculture Commission could be given additional responsibilities to do so.
47. If these assessments demonstrate that UK agriculture is being irreparably harmed by FTAs such as those with Australia - contrary to the declared intentions of the government - then the government should seek to renegotiate aspects of the FTAs to alleviate the damage.

What is likely to be the impact of the agreement on: the UK's devolved nations and English regions?

48. Across the devolved nations of the UK, the nature of agriculture across is not homogenous. Different types of agriculture and horticulture pertain in different parts of the UK according to various factors such as climatic conditions, geography, topography, and proximity to market. Agriculture, and family farms make a very significant contribution to Wales' cultural life and sense of national identity. The average size of a farm in Wales is 48ha, compared to an 88ha average size in England² and 4,331ha in Australia³ The Welsh countryside is characterised by farms of a modest size, typically owned and/or occupied by farming families, who will often have farmed in that locality for many generations. By their very nature, rural communities in Wales are small or in isolated locations. In these communities, it is often farmers and members of their families that support, sustain, and facilitate many aspects of community life.
49. Livestock production and dairying is dominant in the west of the UK (and very much predominates in Wales), whilst horticulture and arable enterprises are more typically encountered in central, southern, and eastern parts of the UK. The effects of the trade liberalisation in relation to meat and dairy is therefore almost certain to be felt disproportionately hard in Wales. The effects of trade liberalisation in the sugar sector will be felt in the East of England.

What is likely to be the impact of the agreement on UK consumers?

50. The UK Government's impact assessment states that the provisions in the agreement *"aim to benefit UK consumers through increased consumer choice, better product quality and lower prices for imported products. The extent to which businesses or consumers in the UK will benefit from the reduction in tariffs in the agreement's tariff schedule will depend on the rate of "pass through" of lower import costs from the importing business to the end consumer. Food (largely*

² <https://senedd.wales/research%20documents/16-053-farming-sector-in-wales/16-053-web-english2.pdf>

³ [7121.0 - Agricultural Commodities, Australia, 2015-16 \(abs.gov.au\)](https://www.abs.gov.au/7121.0-Agricultural-Commodities-Australia-2015-16)

semi-processed foods) and non-alcoholic beverages are estimated to have the second highest tariff reductions of £2.4 million annually in the long term.”

51. The NFU agrees that the level of “pass through” of tariff removal effects is likely to be limited. The impact assessment shows that whilst consumers will benefit from some savings, largely in a reduction in the price of alcoholic beverages, it is clear that the UK’s red meat farmers are expected to face a much greater reduction in output as result of lower prices and reduced output.
52. The UK already has the third lowest proportion of household income spend on food in the world. There is no guarantee that increased competition on the market will create savings for consumers, but it will put pressure on domestic producers.
53. Pre-Covid, UK consumers spend on eating out was almost equal to that spent on food and drink in grocery retail and in 2019 the sector was worth £81.1bn to the UK economy. Although volumes are smaller, higher ticket prices add value and tight margins mean there is greater incentive to use cheaper raw materials in out of home settings. Whilst in the short term (given the high level of retailer commitment to British sourcing of proteins), Australian imports may not directly land on UK retail shelves, they are much more likely to be destined for the food service or manufacturing sectors where there is little to no transparency of sourcing or visibility of country of origin for consumers.
54. MLA finds that *“the vast majority of Australian beef exported to the UK has been utilised in the foodservice sector, where it has an established place in high-end restaurants and catering. The UK is among Australia’s high value export markets with some 85% comprised of grainfed and the other 15% chilled grassfed. This has resulted in the five-year average unit price of Australia’s total beef exports to the UK being almost 75% higher than Australia’s global average export unit price (Source: IHS Markit).”*

How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?

55. Trade negotiations commenced with Australia on the 29th June 2020. After four rounds of negotiations, followed by a period of continuous talks known as the “sprint” an Agreement in Principle was reached less than one year later on 15th June 2021. During that time, DIT organised a number of “Trade Advisory Group” calls with stakeholders. Stakeholders participated in these sessions under the terms of Non-Disclosure Agreements (NDAs). Despite this, by in large the meetings were generally to brief “after the fact” and stakeholders were told about decisions taken, as opposed to genuine engagement on key issues under negotiations.
56. Stakeholders were asked by DIT to rank the relative importance of aspects of negotiations, but at no time did government explain or engage with stakeholders on the detail of how specific negotiating points were being addressed within the live negotiations or its relative importance of the factors industry presented as its priorities. For example, beyond being told that the government recognised there were sensitive agricultural sectors, there was no discussion about the UK’s approach on total liberalisation of product lines, no presentation of its approach on TRQs, their volumes or durations and no discussion on whether there were to be any conditions attached to TRQs.
57. When the AIP was presented to stakeholders, it was with genuine shock and dismay to see the degree of concessions that had been made by the government. There had been no sense up until that point that this would be the outcome of negotiations. We recognise that during live negotiations it is difficult to share sensitive information, but nevertheless there was a huge disparity between the expectations of stakeholders and the final shape of the deal. We believe that the approach taken by the government during the negotiations was a missed opportunity to ground truth it’s assumptions.

We therefore believe that the government's approach to briefing trusted stakeholders on the state of play in negotiations via the TAGs must be reviewed and it should seek to create a genuine and more detailed technical level of engagement with industry experts.

How well has the Government communicated the possible impact of the FTA, to enable you or other stakeholders to prepare for its implementation?

58. We do not believe that the government has communicated the possible impact of the FTA to farmers. It continues to point to the opportunities free trade will bring, which as noted elsewhere in this submission is likely to be limited in the case of Australia. It appears our government is reluctant to present any potential negative consequences of this deal, despite its own impact assessment coming to that conclusion for the sector. This continued reluctance therefore limits the industry's ability to have a constructive conversation with government about how it will mitigate potential effects, and what is required to adapt to the more competitive environment we are likely to face as a domestic industry.
59. The NFU has asked officials of both DIT and Defra to engage with us on the economic modelling it has carried out to substantiate its decisions made during the negotiations. For example, how the volumes of TRQs were set, how the phase out period was determined, why there is no segregation of products within quotas (i.e. fresh / frozen beef) and how increased liberalisation will impact at sector level. Thus far, we have been unable to have substantive conversations on the approach or government's economic analysis findings.
60. We know that both Defra and DIT have carried out analysis that has not been published. On page 59 of the government's impact assessment ([Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/103442/impact-assessment-of-the-free-trade-agreement-between-the-uk-and-australia.pdf)) it says that DIT have improved their CGE modelling by "*undertaking the modelling at a more disaggregated sector level (the 61 sectors allowed by the GTAP 10 database) to reduce the potential for aggregation bias*". The 61 sectors include quite a few agricultural sectors, including beef, sugar and dairy. We therefore believe that DIT has more detailed-level results for sub sectors of agriculture/food than were presented in the IA. The NFU has not seen this analysis.

What lessons and inferences for other current and future negotiations can be drawn from how the Government approached, and what it secured in, the FTA with Australia?

61. UK farmers are concerned that the deal with Australia and the AIP with New Zealand will set a precedent for future trade deals with CPTPP, Canada, the USA, Mexico, India and others such as the major agricultural producers in South America. Fully liberalising the UK's sensitive agricultural sectors, even with "phase out" periods for tariffs, undermines the investments that UK farmers have been making, both on farm to improve productivity and deliver environmental or animal welfare gains but also in increasing their market share at home and abroad. At a time when domestic support for agriculture is also being completely overhauled it adds to the uncertainty and ultimately creates an un-level playing field for our farmers to compete on.
62. It is also worth noting that by providing fully-liberalised, preferential access to Australia and New Zealand for key commodities such as beef, sheepmeat, dairy, sugar and cereals, the UK lessens its negotiating capital with future trade partners. As countries like Australia and New Zealand increase exports to the UK, the value of similar preferential tariff rates to other countries will naturally reduce. This makes it more likely that the UK will have to offer significant concessions - larger than may otherwise have been the case - in order to secure UK priorities in future trade deals.

Additional points of interest for the attention of the Committee

63. **Animal Welfare and Environmental standards** - The terms of the agreement do not create a level playing field in either animal welfare or environmental standards. The starting point of each party

remains unaltered by the presence of the FTA commitments. However, what is foreseen is “non-regression and non-derogation” commitments that would prevent standards going backwards in a manner that affects trade, in either party. This is fundamentally different from whether there is a level playing field at the outset.

64. The environment chapter seeks to promote high levels of environmental protection and recognises the right to regulate to meet environmental and climate change objectives. It aims to strengthen cooperation in a range of issues (e.g. sustainable forest management, ozone depleting substances, circular economy, biodiversity). It affirms shared commitments to tackle climate change, including under the Paris Agreement. These are all welcome commitments, but it is unclear whether they will be translated into concrete actions. We also note that whilst there is reference to the Paris Agreement there is no reference to specific temperature commitments from Australia. Australia is a signatory to the Paris Agreement and finally has a net zero target but has not committed to a more ambitious 2030 target.
65. Specifically, the agreement includes a requirement that neither party shall fail to effectively enforce its environmental law through a sustained or recurring course of action or in a manner affecting trade – a so called non-derogation clause. It also states that a party shall not waive or otherwise derogate from, or offer to waive or derogate from, its environmental laws in a manner that weakens or reduces the protection afforded in those laws. (Chapter 22, Article 22 (6)).
66. Non regression and no derogation clauses intended to uphold fair competition are welcome, but we note that in many areas the UK already goes much further in terms of environmental protections. As such, we remain concerned about the import of products which undermine our approach to protecting and enhancing the environment.
67. Commitments within the environment chapter are subject to the agreement’s dispute mechanism, although in Australia this only applies to laws that are enforceable at the central level of government, despite many environmental laws existing at state level. This would appear to significantly reduce the scope of the environment chapter in this agreement. The dispute mechanism includes scope for compensation and the suspension of concessions if either party fails to comply with dispute panel findings. This is welcomed and we expect that the UK Government will closely monitor Australian actions to ensure that commitments that have been made are upheld and if this was considered not to be the case, that speedy and effective remedies would be sought.
- 68.
69. The agreement also includes a specific chapter on animal welfare, understood to be the first time Australia has included such provisions in a trade deal. The NFU welcomes the efforts by UK negotiators to include this chapter in the agreement and believe that it sets a useful precedent that can be built upon in future.
70. The animal welfare chapter contains provisions that recognise the importance of and commit to maintaining high levels of animal welfare. It also commits both parties to cooperate on the important issue of combatting antimicrobial resistance (AMR). It retains the rights of both parties to regulate their own policies and priorities for the protection of animal welfare. The chapter does not agree equivalence (i.e. animal welfare regulations in each party are not deemed to achieve the same outcomes) but there is a commitment for both sides to endeavour to continue to improve their respective levels of animal welfare protection.
71. The chapter also contains non-regression and non-derogation provisions on animal welfare which means standards in either country can’t go backwards, nor can there be derogations to the way domestic standards are implemented if the aim is to undercut the other and distort trade. A joint animal welfare working group will be established to enable cooperation, to review animal welfare developments and to promote high welfare practises. This chapter is not subject to the dispute mechanism set out in the FTA which is disappointing and calls into question whether the UK government can take meaningful action to ensure that commitments made are genuinely upheld.

72. On AMR, the parties recognise the threat that AMR poses and note the solution requires a transnational and One Health approach which is in line with the Global Action Plan. In that respect, both sides will promote strengthened AMR surveillance and monitoring of antimicrobial use under a One Health approach. There is also commitment to cooperate in relevant international forums (e.g. OIE, WTO etc) on animal welfare and AMR issues.
73. The NFU welcomes the inclusion of a chapter focusing on animal welfare and AMR. We are pleased to see both sides committing to working together in international forums and promotion of high standards and the One Health approach will be key. However, it is clear that the standards of animal welfare in place in the UK versus Australia are very different. In Australia practises such as hot iron branding of cattle and mulesing of sheep are still common, whereas in the UK these practises are banned. On animal transport, journey times for animals in Australia can be up to 48 hours without water – and live exports of cattle and sheep can involve long journeys (with some boat journeys to the Middle East lasting many weeks), in comparison the UK is seeking to ban live exports for slaughter and further rearing. The UK Government is considering further reforms to the rules on animal transport including journey times. Typically journeys in the UK are just a few hours and very few are over 8 hours which is considered a long journey. This chapter does nothing to stop food being imported which has been produced in ways which would be illegal here.
74. The NFU has been clear that, for the UK to truly deliver on its ambitions for a more sustainable future and the goals of COP26, all aspects of policy, from domestic environmental and agricultural policies to international trade policy, must be joined up in their delivery of these aims. It is therefore disappointing to see the UK seeking to negotiate new free trade agreements with countries that are not taking a similarly ambitious approach to tackling the challenge of climate change without putting provisions that reinforce these ambitions in place. If the UK is to become a world leader in trade and climate policy, it needs to develop and implement an integrated strategy.
75. From an agricultural perspective, the Australian FTA facilitates significant increases in market access (and eventual full liberalisation) across all agricultural sectors. Agricultural production in Australia, however, is not subject to the same environmental protections as in the UK. For example, a significant proportion of cattle in Australia are raised in feedlot systems. Australia's feedlots have capacities ranging from 500 to over 50,000+ head of cattle. Over 60% of the cattle on feed in Australia (i.e. resident on a feedlot) as of June 2020 were located on feedlots with a capacity for over 10,000 head of beef animals. Feedlots are a feature of Australian beef production and are huge in size and scale. This compares to the average size of a beef cattle herd in England at 27 animals and whilst there will be larger farms in the UK, only 4% of English beef farm holdings have more than 100 beef cows. Furthermore, in comparison, 87% of UK beef is produced using predominantly forage based diets, a system which is not only more climate friendly, but also supports biodiversity and the natural environment through extensive grazing. The use of hormones as growth promoters are banned.
76. The differences in these systems are reflected in their environmental impact. Average UK beef production has a carbon footprint of 17.12kg CO₂e per kilo, this compares to a global average of 46kg CO₂e per kilo. FAO estimates beef from Western Europe has a carbon footprint of c. 18kg and beef from Oceania a figure of 26kg. It might appear that there is a difference between production systems or between a subset of farms but behind the headline figures there is likely be a wide range in the data with some overlap. While the Australian cattle industry have improved their carbon footprint in recent years, this improvement is largely due to efficiencies afforded through the increasing use of the feedlot system and the use of growth promoting hormones, which are prohibited in the UK. Improved growth rates in younger cattle means they can be slaughtered at a younger age making them more efficient.
77. Such unlevel competition in trade deals threatens the UK's ability to domestically produce food in a sustainable manner, which could lead us to relying on other countries to supply our food. This is not

only a risk to domestic food security, but also an environmental threat, as we offshore the environmental impacts of food production and export our emissions to countries producing food through systems without the same climate ambitions and environmental protections as the UK. Furthermore, should we export our food production, we will also export the skills, knowledge and best practice that UK farmers and the wider agricultural industry have developed.

78. The NFU urges the government to ensure that upholding domestic standards in terms of environmental and climate change policy is at the heart of its trade policy and has argued that liberalised market access provided through FTAs is contingent on goods meeting the UK's high domestic production standards, including environmental standards. Trade opportunities which uphold those ambitions should be prioritised.
79. Unfortunately, this approach is not reflected in the Australian deal. Research⁴ highlights the threat Australia's regressive energy and environmental policies, as well as food production practices pose in terms of climate change and global warming, which seriously undermine UK's objectives to address the threat of climate change. The Australian beef industry has also been linked to largescale deforestation in Australia⁵. For instance, a recent report found that more than 1.6 million hectares of forest had been cleared in Queensland in the five years up to 2018 and 73% of this was for beef production.
80. Since leaving the EU, the UK has had the opportunity to launch a new domestic agricultural policy which holds sustainable farming and the environment at its core. This is most evident in the new Environmental Land Management Scheme (ELMS) and Sustainable Farming Incentive (SFI) which will give public funding towards land managers implementing environmental measures. While the NFU believes that productivity is a key element of this, such sustainable incentives are an important tool in moving industry towards methods of production which help tackle the challenge of climate change. This must be coupled with wider policy which ensures access to not only government funding, but also private sector funding to support climate friendly food production.
81. Sustainable and climate friendly food production is to be welcomed, but it must be recognised that it will often add to the cost of production. British farmers are proud of their high standards, and do not wish to see these reduced in the future. Such measures will only be effective if those farmers are able to implement them in both an environmentally and economically viable way. This means ensuring that British farmers can remain competitive and are not undercut by imports of agri-food goods which are not produced to the same environmental standards or level of environmentally sustainable ambition.
82. **Market Access** - The UK has excluded tariff liberalisation from its commitments for pork meat, chicken meat and certain types of eggs and egg products. The NFU has been told that this was in recognition of animal welfare concerns and difference in production standards, although the reality is that Australia is unlikely to have objected strenuously given the minimal export interests it has in these products. Nevertheless, this exclusion is a welcome precedent for future deals such as the one with Mexico where we have concerns about unfair competition undercutting UK producers. The irony that this welcome principle of exclusion hasn't also been applied to other species within the deal is not lost on us.
83. **Geographical Indications**- The agreement provides no upfront legally binding commitment from Australia to protect the use of the UK's agri-food Geographical Indicators (GIs). Chapter 15, Article 15.32 sets out that if Australia reaches a deal that includes specific GIs protections for agri-food products with another international trading party (i.e. not the UK) and therefore has to establish a system to deliver that commitment, then the UK will be able to put forward its list of GIs for recognition at that stage. To be clear there is no legal requirement for Australia to establish such a system as a result of the UK-Australia trade deal. We know that the EU continues to prioritise

⁴ [CCPI-2020-Results Web Version.pdf \(newclimate.org\)](#)

⁵ <https://uneartthed.greenpeace.org/2021/12/15/australia-beef-deforestation-climate-brexite-trade-deal/>

protection of its GIs in its trade talks with Australia and we expect that this will be a pre-requisite of any deal between the parties. However, it is unclear whether the EU and Australia will strike a deal in the near future, leaving UK GIs languishing in the meantime. In recognition of this uncertainty, the UK-Australia deal does say (Article 15.34) that if Australia does not introduce a scheme within two years after entry of force of the agreement, both sides will review the provisions related to GIs with a view to considering further provisions governing the protection or recognition of geographical indications. There is no legal requirement to agree or establish anything within this timeframe, just to revisit discussions on GI protections noting the interests and sensitivities of the parties.

84. The UK has 80 GIs on agricultural products to protect high quality product identities and protection against imitation. Geographical indications also allow UK farmers to differentiate their products in international markets to help improve their competitiveness and profitability. AHDB found that the real value of the PDO and PGI schemes which UK farmers can utilise, is derived from convincing consumers to pay a premium price for specific products. A number of studies have been conducted to seek to put a value on this. A European Commission-funded study by AND-International in 2012 calculated an average value premium rate for GI agricultural products and foodstuffs in the EU at 1.55. This means that GI products were sold for 1.55 times as much as non-GI products for the same volume. Approximately 25% of UK food and drink exports (by value) is generated by GIs, with exports totalling £5bn in 2018⁶.
85. High value UK cheeses carrying the GI designations are likely to be amongst the limited number of categories of food that will benefit from tariff liberalisation into Australia. It is therefore incredibly disappointing and a genuinely missed opportunity that the government has failed to reach an agreement with Australia on the use of GIs despite the significant market access concession that has been granted in favour of Australia. To be dependent on the outcome of other's endeavours to establish protection for GIs is galling and ironic given claims of taking "back control. " We must ensure that failure in the Australia deal does not create a precedent across other agreements. The NFU believes that ensuring GIs receive protection in all third countries must be a priority for the government
86. **Rules of Origin** - The Rules of Origin (RoO) chapter (Chapter 4) and its product specific rules (PSRs) annex contain provisions related to the rules of origin for goods. These stipulate how much of a product must originate in the UK to qualify for the trade preference (i.e. lower tariff or quota) when exported to Australia and vice versa. In this context, originate refers to the economic nationality of a good, rather than where its raw materials were "indigenous". The agreement includes efficient and low-cost processes to prove originating status of goods, reducing the amount of paperwork at the border for traders and Customs authorities. Although we note that there is no requirement for verification visits by the importing country to ascertain if goods being imported into its territory are originating.
87. The PSR annex sets out specific rules for what counts as originating for each tariff line. Other than for goods which are wholly originating (e.g. animals born and raised or plants grown and harvested), chapter change is required to confer originating status on most agri-food goods, although there are some goods which merely need a change in tariff heading. Chapter change means the product being exported must be classified in a different chapter to the imported raw materials it was made of. For example, this means a meat pie could be made of imported meat (as the raw meat would be imported under chapter 2 and re-exported as a pie under chapter 16) or malt could be made of imported barley (barley would be imported under chapter 10 and exported under chapter 11 as malt) and it would qualify as originating. For goods which require change in tariff heading they just need to have been transformed from one tariff line into another, the lines could be within the same chapter. There are no non- originating content thresholds for value or volume, making it easier for non-indigenous products to displace UK ingredients in products such as chocolate and other finished products.

⁶ https://gpfoods.inparliament.uk/sites/appg_gpfoods.inparliament.uk/files/2021-06/APPG_Minutes_-_GP_Food_03.03.2021_0.pdf

88. The NFU supports an outcome on RoO which facilitates trade and supports the use of domestically produced raw materials. The rules in the UK-Australia FTA are significantly more liberal than is seen in EU agreements and in the EU / UK TCA. We do recognise that there is a need in food manufacturing to include imported materials alongside those domestically produced, especially when considering the use of non-indigenous products. However, there is a careful balance to be struck and we believe any agreement on RoO should not encourage the substitution of UK raw materials for imported alternatives beyond what is facilitated today. In terms of demonstrating compliance (i.e. origin declarations) with RoO, we believe appropriate checks and balances should be in place to ensure the system is robust and the risk of circumvention and therefore the benefits of negotiated trade deals being undermined is minimised.
89. **Customs procedures and trade facilitation-** The Customs facilitation chapter (Chapter5) aims to ensure that custom procedures in both countries are transparent and that the provisions reinforce the UK and Australia's ability to maintain effective customs control. Provisions include a requirement for goods to be released within 48 hours of arrival at customs where possible. Expedited shipments (e.g. fast-track parcels) and perishable goods should be released within 6 hours. The chapter also sets out that the use of customs brokers is not required by traders on either side. Any new rules in this area for traders must be issued 90 days in advance and detail concerning customs procedures should be made easily accessible to traders, including electronically, with review mechanisms available to traders for customs authority decisions.
90. The NFU supports the provisions within the Australia deal which facilitate trade and believes border processes should be transparent, predictable and risk based. It is welcome that perishable goods will be expedited to clear customs within six hours, and we believe similar outcomes could be pushed for with other negotiating partners.
91. **Sanitary and Phytosanitary (SPS)** - The UK Australia agreement builds on WTO SPS provisions and ensures both countries retain independent SPS regimes where imports have to meet the respective standards (i.e. the parties retain the right to regulate). Based on the WTO provisions, the SPS measures must be based on scientific principles.
92. The principle of equivalence is recognised and a procedure for recognition of equivalence may be established but is not present in the agreement. Equivalence is a process where the outcome of different measures is deemed to be "equivalent" even if the measures themselves are not the same. We strongly support the inclusion of unequivocal language in the text that "*The final determination of equivalence rests with the importing party.*" (Chapter 6, Article 6.7)
93. The principle of regionalisation is established allowing the UK and Australia to take into account local pest and disease status of areas where goods are sourced from. This is welcome.
94. The NFU strongly believes that the UK should maintain the right to regulate on SPS matters. We support the aim of preserving our right to regulate as we see fit, in-line with the WTO SPS Agreement.
95. The establishment of a specific UK-Australia SPS committee tasked with monitoring the implementation of the agreement and to provide a forum where parties can raise any concerns is welcome. For example, there is opportunity for UK exports of pig meat to Australia, but for this to be realised UK negotiators must seek to address the complex non-tariff barriers in place on pork imports to Australia. Australia has a strict import regime for pig meat, including specific requirements for the heat treatment and deboning of meat. For some products heat treatment would need to be carried out within Australia, e.g. for certain products containing bones. Uncooked pig meat may only be imported from Canada and New Zealand. Denmark, is presently able to export uncooked, de-boned pig meat to Australia, on the condition that the meat is heat treated before release on the market. There are no live pig imports allowed into Australia, which includes pig semen and frozen embryos. We export high quality genetics to other countries around the world

and accessing the Australian market for genetic material would be a valuable addition for UK farmers.

96. The most apparent difference between the UK and Australian SPS regimes is the use of hormonal growth promotants (HGP) for cattle, which has been registered for use in Australia for the last 30 years. Australia already has a dedicated EU and UK supply chain called [EUCAS](#). This is a national animal production scheme that aims to guarantee full traceability of all animals. Our main concern is how robust these guarantees are, for example if surveillance testing is carried out in Australia to confirm animals declared as being HGP free are indeed so? In the UK and Europe animals are routinely sampled for residues, it is unclear if this happens and to what level in Australia. We expect the government to put in place a meaningful testing regime at the UK border to ensure that our strict legal requirements of having no hormone treated beef sold on the UK market is enforced.
97. **Joint declaration on agriculture and agribusiness workers** - The provisions ensure temporary entry for business-persons that will support economic recovery, enhance opportunities for business travel, and encourage people to travel and work in each other's territory, on the basis of reciprocity. The UK and Australia will be making changes to their Youth Mobility Scheme (YMS) and Worker Holiday Maker Program Visa respectively to allow Australian and UK citizens aged 18 to 35 to apply for a visa for up to 3 years and will continue to not require specific work to be undertaken. The UK and Australia will ensure they support agriculture and agribusiness, by outlining visa pathways to facilitate mobility for those involved in agricultural work.
98. The NFU supports provisions which enable the movement of workers. These may be skilled workers who meet the criteria of the Points Based System (PBS) (e.g. plant scientists) or wider agriculture labour such as sheep shearers. Many young people from the UK agricultural community travel to Australia on working holiday visas. This is a valuable opportunity enabling them to gain experience at a scale not possible in the UK.
99. The NFU has long highlighted the challenge UK farmers, growers and the wider agriculture supply chain faces in having access to sufficient seasonal and permanent workers. We do not see an FTA with Australia as solving this problem. However, it is vital that UK farmers and growers are able to source sufficient skilled seasonal and permanent workers. Now freedom of movement of people has ended and the UK is operating the PBS there could be opportunity to increase the range of labour sources. Workers from Australia would meet the English speaking level required by the PBS for medium to high skilled workers. However, other barriers including earnings requirements and systems costs could make using migrant labour generally less viable for UK businesses.

Annex 1

Table 1. Examples of current trade 2019 (HMRC data)

	UK Exports to AUS 2019	UK Imports from AUS 2019
02 Meat and edible meat offal	£4,113,073	£48,343,061
04 Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	£18,472,945	£1,009,632
07 Edible vegetables and certain roots and tubers	£627,249	£10,379,736
08 Edible fruit and nuts; peel of citrus fruits or melons	£1,171,291	£4,379,957
10 Cereals	£3,222,077	£3,115,449
11 Products of the milling industry; malt; starches; inulin; wheat gluten	£1,239,678	£518,129
12 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medical plants; straw and fodder	£1,383,729	£3,115,466

15 Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	£2,942,682	£21,190,316
16 Preparations of meat, fish or crustaceans, molluscs or other aquatic invertebrates	£5,992,852	£68,988
17 Sugars and sugar confectionery	£6,903,663	£1,072,199
18 Cocoa and cocoa preparations	£21,212,614	£986,514
19 Preparations of cereals, flour, starch or milk; pastrycooks' products	£74,793,242	£2,680,946
20 Preparations of vegetables, fruit, nuts or other parts of plants	£6,655,741	£2,112,635
21 Miscellaneous edible preparations	£46,957,712	£5,128,375
22 Beverages, spirits and vinegar	£190,422,833	£248,798,130