

RSPCA SUBMISSION TO INTERNATIONAL TRADE COMMITTEE ON THE UK-INDIA FTA AND IMPLICATIONS FOR ANIMAL WELFARE

Summary

The UK-India trade negotiations are the first FTA to be started by the UK with a developing country and comes after the Australia-UK FTA model. The UK's strategic objectives remain high level and, as seen in the UK-Australia deal, may not be met. The UK has again set a target of not undermining its animal welfare standards, which it did in the Australia deal, and lowering tariffs under the Goods Chapter, which India will want to see reciprocal movement. India's animal welfare standards are lower in many areas than the UK. These include SPS standards, slaughter, transport, leather exports and egg production. India has an aggressive export trade in leather and egg products and is very competitive in this sector due to lower production costs. Should MFN tariffs get lowered without conditionality, this will increase the import of dried egg products and undermine the UK's egg industry, which has the highest percentage of free range farmers globally at present. India's leather industry has standards below the UK's. The RSPCA welcome the UK's commitment to put in place language on animal welfare and hope this can be similar to that agreed in UK-Australia, some of the best animal welfare provisions in any FTA to date. Crucially the UK strategy does not set any conditionality or equivalence on imports based on animal welfare standards used in production. The UK held out reducing tariff lines for egg products in the Australia FTA showing that it will maintain its safeguard measures on sensitive issues when the sector is not of strategic interest to the partner. Finally the UK should ensure that commitments made under the SPS chapter are better than in UK-Australia and include mutual recognition of SPS standards, as well as a recognition that the UK can rely on the precautionary principle. The UK also needs to improve its communication and transparency on the negotiations which would be beneficial to stakeholders in the UK, such as the farming and animal welfare sectors, and to the UK's trade negotiators.

1. The RSPCA welcomes the opportunity to respond to this inquiry by the International Trade Committee into the UK-India negotiations on a Free Trade Agreement. This FTA is important not only for UK-India trade but is also the first negotiations the UK has entered into with a developing country outside the roll-over agreements it inherited from the EU. The RSPCA has been working on trade issues for 25 years, advising the European Commission on six FTAs that the EU has or is negotiating that include animal welfare elements (Chile, South Korea, Canada, Japan, Mercosur and Mexico). The RSPCA was also on the Trade and Agriculture Commission working group on consumers which reported in March 2021. The RSPCA also sets the standards for the UK's only higher welfare farm assurance and food labelling scheme, RSPCA Assured, which has over 3,000 members and assures over half the UK's laying hens and around a third of its pigs. As any trade negotiation will impact on the UK's animal welfare standards, the RSPCA has a public policy and commercial interest.
 - How adequately has the Government undertaken public consultation in formulating its strategic approach / negotiating objectives?
2. Not very adequately. The UK Government has undertaken one public consultation and has reported back on this in January 2022 with its Impact Assessment and Scoping assessment. This is a similar strategy that the Department for International Trade (DIT) applied to its two other FTA negotiations (Australia and New Zealand). The public consultation suffers from two problems. Firstly the generic nature of the DIT Scoping Note which formed the basis of the consultation. This lays out very top line trade patterns between the UK and India but does not set any direction that the UK Government wishes to set in its strategy¹.

¹ <https://www.gov.uk/government/consultations/trade-with-india-call-for-input>

Responses therefore cannot respond to the Government's strategic direction as this has not been set or made public. Secondly the questions in all the DIT FTA online consultations are very generic and are set in a way that it is difficult to set out objections or red lines that the UK should take in the trade negotiation and in particular respond with granular specific issues such as what sensitive products the UK should avoid when making tariff proposals under the Goods Chapter. This means that when the UK reports back on the consultation responses² it can only relay the generic concerns respondents had rather than understand specific concerns. This also limits the hands of the UK negotiators as the consultation will not have set out areas that should be translated into red lines for the UK in the FTA.

3. The consultation received a small number of responses (283) compared to Australia which received 146,000 responses³ although when the vast majority of campaign generated responses are stripped out, it reduced to 219. It would be useful to know if the DIT sets any goals for the number of responses to receive as compared to other consultations to which the RSPCA has responded, the level of responses is tiny. For instance, the agriculture strategy consultation that Defra undertook in 2018 received 43,000 responses including over 10,000 non-campaign responses⁴ and the 2021 Defra cat and dog microchipping consultation received 33,000 responses of which 11,000 were not campaign generated⁵. It seems there is some progress required if DIT wants a transparent and inclusive process to give them the information and advice they need when negotiating FTAs.
4. Once the DIT sets its strategic objectives, there is no further consultation with interested parties and stakeholders until the FTA is concluded, other than the select few that have signed NDAs in the consultation bodies such as the Trade Advisory Groups. Indeed the DIT only released their strategic objectives on 13 January 2022⁶ four days before starting the first Round of negotiations with India on 17 January⁷. This again appears to limit the hands of the UK negotiators as they would not be aware of any changes that occur as negotiations are ongoing that are relevant, say, in the Goods Chapter on species specific issues that could be obtained from sector bodies.
 - How adequate and appropriate is / are the Government's strategic approach / negotiating objectives?
5. Not adequate. The approach that the Government puts out into the public arena is very generic, but the Government undoubtedly will have specific negotiating objectives and red lines that they do not put out into the public arena. For instance, the Government's objectives in both Australia and India FTAs were to *"include not compromising on our high environmental protection, animal welfare and food standards, as well as maintaining our right to regulate in the public interest."*² However, as the UK-Australia FTA showed, this meant compromising on the animal welfare standards in Goods Chapter by giving increasing Tariff Rate Quotas (TRQs) without conditionality or equivalence and so allowing preferential imports that were not produced to UK standards and could be said to be comprising UK's animal welfare standards.
6. As there is no granularity to this statement of not compromising on animal welfare standards, we do not know if the UK has red lines on sensitive issues such as leather, egg products or chicken production where UK's MFN tariffs prevent importation from India and where standards are lower than in the UK. In UK-

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1046839/uk-india-free-trade-agreement-the-uks-strategic-approach.pdf

³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818311/Public-consultation-on-trade-negotiations-with-Australia-summary-of-responses.pdf

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741461/future-farming-consult-sum-resp.pdf

⁵ <https://www.gov.uk/government/consultations/cat-and-dog-microchipping-and-scanning-in-england/outcome/summary-of-responses-and-government-response>

⁶ <https://committees.parliament.uk/publications/8445/documents/85607/default/>

⁷ <https://www.gov.uk/government/news/india-uk-joint-media-statement-on-launch-of-negotiations>

Australia the UK compromised on beef and lamb standards but did not on poultry, pig and egg standards. It would help if the UK were either to explicitly state they are using conditionality on animal welfare standards before entering into discussions on lowering tariffs under TRQs or that MFN tariffs would not be altered on certain sensitive product lines.

7. Further UK objectives underline this problem of only setting generalities in the strategic objectives. Devolution is a sensitive issue in trade negotiations, given that agrifood standards are devolved and trade is reserved. The consequences of the agreed sheep and beef TRQs in UK-Australia will be felt more in Wales and Scotland but neither of the Governments were kept informed of these proposals during the negotiation. The ambition to *“Secure an agreement which works for the whole of the UK and takes appropriate consideration of the UK’s constitutional arrangements and obligations”*⁸ sounds good but there is no detail as to how this will be measured or how the devolved Governments will be kept informed during negotiations
8. The UK has set the objectives to *“secure broad liberalisation on tariffs on a mutually beneficial basis, considering UK product sensitivities”* and *“uphold the UK’s high levels of food safety, animal and plant health, and animal welfare and the UK’s right to regulate in these areas in the public interest”*⁹ but these were the same objectives in the UK-Australia negotiations which resulted in liberalisation on tariffs without conditionality and agreement to lower standards of food safety by basing language on SPS Chapter on the CPTPP Agreement (standards should be based on science rather than the precautionary approach). Recent demands from Canada that the UK’s food safety standards on beef-hormone are not based on science and entry to the CPTPP is conditional on these being changed¹⁰, underline the risks of such an approach.
9. The one area that is specific and is welcomed by the RSPCA is to *“seek enhanced cooperation on the related important matters of public interest of animal welfare and antimicrobial resistance”*⁸. This resulted in the Animal Welfare Chapter in UK-Australia and the RSPCA hopes that the UK can agree with India similar provisions in a stand alone Chapter outside the SPS Chapter.
10. It is expected that India will negotiate for increased access and reduced tariffs on egg products (currently 29%) leather (currently 2%) and chicken (currently 30-50% depending on the line). India is also expected to want flexibility in its SPS standards.

- How are the terms of a new trade agreement between the UK and India likely to affect you, your business or organisation, or those that you represent?

11. The RSPCA , through its RSPCA Assured assurance scheme, is in the business of raising farm animal welfare standards and fulfilling public demand for such standards. Last year the business grew by 9%. In certain sectors, such as eggs, where RSPCA Assured covers around 55% of UK laying hen egg production, and pigs, where the standards cover 30% of UK pig production, this has successfully shown that the public are willing to put into place their aspirational behaviour and buy higher welfare products. Such standards would be under threat if the UK agreed trade deals that allowed in products produced to lower standards, as the standards and producers would be undermined by such products - especially given the cost differential in producing the product in the UK under higher welfare standards compared to lower standards in the third country. If the Government gives hugely preferential tariff reductions to India in sectors such as egg products where farm welfare standards are lower in India than UK, there is greater potential in products not produced to UK standards entering the UK from India. Such tariff reductions could undermine RSPCA Assured egg producers who account for 90% of the free range egg market in the

⁸ P.10 UK’s Strategic Approach DIT. January 2022

⁹ P.11 UK’s Strategic Approach DIT. January 2022

¹⁰ Politico 3/2/22

UK. However, as RSPCA Assured has very little market penetration in the chicken market (around 1% of UK production), the impact of the FTA on RSPCA Assured is likely to be minimal in this other sensitive sector.

12. The impact on the people RSPCA represents, our supporters, is likely to be more. There is strong support amongst the public, 75% in one opinion poll¹¹, for the Government to honour its commitment not to lower animal welfare standards in FTAs. This support is likely to be higher specifically amongst RSPCA supporters who are likely to feel let down by the Government for not keeping to their manifesto commitment.

What are the potential impacts of an agreement on:

- the UK's economy as a whole?

13. According to the Government's own figures the FTA could increase exports from £23.3 billion in 2019, to £40 billion by 2035. The Government has not published any data on the impact of lowering tariffs on sensitive issues such as eggs or chicken on the UK farming sector.

-particular sectors of the UK economy?

14. On the agri-food sector, the export impact could be substantial as India has high tariffs on many agri-food lines such as whisky. But the Indian Government would be looking for mutually dropping tariffs on issues of importance to them such as egg products and chicken where the impact of greater imports of these could be higher (see para 15).
15. India will be looking to develop its leather export market. Animal welfare problems in the transport and slaughter of cattle for the leather trade have been widely reported over the past decade and standards are below the UK's particularly on transport times and slaughterhouse conditions¹².

- the UK's devolved nations and English regions?

16. As trade is a reserved matter, and farm animal welfare a devolved matter, the devolved countries have no say in what the UK agrees in FTAs. But any impact could be felt in those regions with significant free range egg production, such as Wales, which has the highest percentage of free range egg farmers (89%) in the UK.

- social, labour, environmental and animal welfare issues?

17. India ranks C on the Animal welfare global index and E on farm animals compared to the UK ranking of B and D¹³. India has lower standards of animal welfare in its slaughterhouses and egg production in particular.
18. In the agri-food trade, dried eggs are the most sensitive issue. 80% of egg production in India is under conventional battery cages (450 sq cm) compared with a minimum cage size in the UK of 750 sq cm and 57% of UK egg production being free range. India has a large export trade in egg products to the EU, accounting for 26.5% of imports to the EU in 2014, a trade that has risen in the past two decades. In 2019 the UK imported £167 million of egg products. However in 2020 India exported no egg products into the UK market with most imports coming from Spain. This trade could change if tariffs were reduced without conditionality.
19. The cost of production on dried egg products and delivery to the UK market found in 2017 by van Horne was 465 eurocents/kg from Indian cage production compared to 533 eurocents/kg for enriched caged egg production and 715 eurocents/kg for free range eggs¹⁴. Only the UK's 29% MFN tariff ensures such

¹¹ Savanta ComRes. Poll of 1,000 people August 2020

¹² <https://www.peta.org/issues/animals-used-for-clothing/leather-industry/global-leather-trade/>

¹³ <https://api.worldanimalprotection.org/>

¹⁴ <https://edepot.wur.nl/469616>

products remain uncompetitive. Should even a 50% decrease in the dried egg tariff be offered, this would result in Indian egg powder undercutting UK egg powder (van Horne projections showing a 50% cut in tariffs would see Indian egg powder selling at 507 eurocents/kg compared to 533 eurocents/kg for UK enriched caged produced egg powder and 715 eurocents for free range egg products). Should tariffs be reduced from 29% to 0% without conditionality this would make it even more economically viable for Indian eggs to be imported and undermine UK producers. As dried egg is sold on price not on production method, unlike shell eggs, and makes up around 30% of egg usage in the UK, any move towards egg products produced to lower standards would have serious consequences for UK egg producers.

20. While the UK imposes standards on imports of products on their welfare at the time of slaughter, it will be crucial to ensure proper enforcement of these standards through audits. In India, standards in abattoirs are much poorer as despite a 2001 licensing law, over 30,000 slaughter houses are unlicensed. There is no CCTV in India compared to it being mandatory in England and being introduced in Wales. At present there are no slaughterhouses in India which have been approved to export meat to the UK. In 2020 the UK imported \$167m of leather goods from India. The UK legislation, WATOK¹⁵ which implements Regulation 1099/2009, only applies an import ban to meat not slaughtered in accordance with UK standards. However, although there is no statutory requirement, the standards on products imported should apply equally to leather.
21. In the meat sector, transport times are also much longer in India than in the UK. There is no maximum journey time for animal transportation compared to 29 hours for beef and sheep in the UK and 24 hours for chickens. India produces 4 million tonnes of beef compared to 915 tonnes in the UK and exports around 1.05 million tonnes¹⁶

- UK consumers?

22. If the UK offered large tariff reductions without conditionality this could result in large amounts of products being sold in the UK market not produced to UK standards. As the consumer has repeatedly stated that they do not want to see products produced to lower than UK standards this undercuts the ethical choice of UK consumers and makes the mandatory labelling of products based on how they were produced vital to ensure the consumer has the information required to make a choice. Defra is presently consulting on such labelling and whether to apply it to imported agri-food products.
23. Any impact to consumers would be limited to changes in prices or choice and an expectation that any products on sale in the UK are reared to UK standards. Any potential decreases in prices are limited to areas where tariffs have been reduced.
 - How should the Government communicate its progress in negotiations; and seek the views of stakeholders during those negotiations?
24. The UK Government needs to improve their communication during negotiations so it is significantly better than what happened under UK-Australia. Then communication from the Government was appalling, limited to irregular zoom meetings with the lead trade negotiators which revealed very little not in the media. Indeed the RSPCA gained most of its information on the Australia Agreement negotiations from what the Australian Government placed on its website or revealed to civil society rather than the Department for International Trade (DIT) website.
25. More importantly there is no mechanism for the RSPCA, or indeed other stakeholders, to respond to the DIT during negotiations. This contrasts to mechanisms that Defra, the lead Ministry on agri-food issues, set up to liaise with the RSPCA and other stakeholders during the negotiations. This needs to be improved

¹⁵ <https://www.legislation.gov.uk/uksi/2015/1782/schedule/5/made>

¹⁶ <https://ahdb.org.uk/news/uk-india-trade-deal-prospects-for-agriculture>

for UK-India negotiations. Trade negotiators also need to realise that this would be beneficial for them as they may get helpful information on market conditions.