

## RSPCA SUBMISSION TO THE INTERNATIONAL TRADE COMMITTEE ON UK-NEW ZEALAND FTA

### Summary

The Government has a manifesto commitment not to lower standards in any trade agreement but has ruled out the TAC's proposal of using equivalence conditionality measures as a method of achieving this aim but is developing a set of core animal welfare standards. The New Zealand FTA gave the greatest opportunity for a landmark FTA on animal welfare as New Zealand is the one country globally to be judged to have better farm animal welfare standards than the UK. The FTA is more far reaching than UK-Australia but crucially it does not put in place any conditionality on tariff reductions whereas in the Environment Chapter it did by reducing tariffs on specific environmentally clean goods and services which are listed in an Annex. It has provided greater flexibility on recognising mandatory MOP labelling in cosmetics, being more flexible on SPS equivalence and has similar language in the Animal Welfare Chapter with non derogation and non regression language. It also incorporates similar language as Australia FTA on cooperation on the global stage to progress animal welfare standards. The FTA accepts the UK's animal health import bans such as on beef-hormone. It is unclear how the large tariff increases in lamb and beef TRQs will be utilised as New Zealand is already operating at capacity and exports mostly to existing markets in East Asia and USA. The FTA will be used as an entry point into the CPTPP but it is unclear how the differences in the fTA with UK-Australia FTA will be assessed as this process proceeds. The UK has also started negotiations with other Trans Pacific members such as Mexico and Canada, who see it as an opportunity to replicate any tariff reductions in sensitive agrifood products without the need for any conditionality on animal welfare. This remains the biggest challenge for the UK in seeking new FTAs.

### Introduction

1. The RSPCA welcomes the opportunity to respond to this inquiry by the House of Commons International Trade Committee into the UK-New Zealand Free Trade Agreement. We have responded to the questions which are relevant to animal welfare and environmental standards, as set out below. The RSPCA welcomes the opportunity to set out the implications for animal welfare as the Government negotiates entry to the CPTPP. 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 also develops the higher welfare farm animal standards for the UK's only welfare-focussed farm assurance and food labelling scheme, RSPCA Assured, which has over 3,000 members and assures over half the UK's laying hens and a fifth of its pigs. As any trade negotiation will impact on the UK's animal welfare standards, the RSPCA has a public policy and commercial role on this issue.
- **To what extent has the Government achieved its stated [negotiating objectives](#) or delivered on the [Agreement in Principle](#)?**
2. The UK's stated negotiating objectives relevant to animal welfare were<sup>1</sup>:
  - a. To strengthen research and cooperation;
  - b. To not compromise on high environmental and animal welfare standards;
  - c. To uphold the UK's high levels of animal health standards including on food safety standards;
  - d. To secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, in particular for UK agriculture;
3. Measured against these, the UK has met the following objectives: strengthening research and cooperation in animal welfare. The Animal Welfare Chapter, whilst broadly adopting the language in UK-Australia, is

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<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/901870/uk-strategy-uk-nz-free-trade-agreement.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901870/uk-strategy-uk-nz-free-trade-agreement.pdf)

the best negotiated to date. Indeed this is the first FTA New Zealand has signed that contains an animal welfare chapter. There is improved language on outcomes being important rather than standards which is the first time this has appeared in a FTA. There is also non regression language although it is not clear how the non regression provisions will work and how the outcomes provisions will assess welfare. The UK Government should make it explicit how non regression works and how it ensures only products produced to our standards enter the UK.

4. The UK has met the objective to uphold the UK's high levels of animal health and not compromise on food safety standards though, as these standards apply to all imports, any change would require legislative change. The SPS provisions are marginally better than those in UK-Australia as the language permits recognition of each other's SPS measures and allows a risk analysis to ensure equivalence not, as in UK-Australia, scientific measures. As the UK has now entered stage 2 of the CPTPP admission process, it is not clear how these different SPS provisions will be merged into a position that will be accepted by CPTPP member countries.
5. The UK has not met the objective of securing broad liberalisations on agriculture whilst taking into account product sensitivities as it has permitted the import of products without any equivalence conditionality on beef and lamb. It remains to be seen whether this has any great immediate impact as most of New Zealand's beef and lamb exports go to East Asia and the Middle East where presumably they earn more revenue than if exported to the UK. This is the second FTA, after UK-Australia, where conditionality was not incorporated. UK-New Zealand was also the only FTA where such conditionality could be politically acceptable as animal welfare standards were broadly equivalent and indeed this is specifically acknowledged in the FTA's Animal Welfare Chapter. As such it is an opportunity missed and does not provide a good model for liberalising whilst taking into account UK sensitive products in future FTAs, of which will be with countries that have lower animal welfare standards than the UK.
6. However there are examples where product sensitivities seem to have been taken into account. The UK has eliminated tariffs on egg products which does suggest a degree of liberalisation based on product sensitivities. New Zealand has a ban on the use of conventional battery cages for laying hens from 2022 which is the equivalent baseline standard presently used in the UK. In UK-Australia, where Australian egg producers still use the conventional battery cage, the UK's MFN tariffs were maintained, set at a level to safeguard against any products entering the UK markets and undercutting standards. Due to geographical reasons any future trade in such products would always be small and neither New Zealand nor Australia exports egg products, so Australia may not have asked for a reduction on these tariff lines. But the FTA maintains this difference in import tariffs between UK and Australia whilst deleting them on UK-New Zealand. This may indicate that the UK will maintain its tariff lines on sensitive products in other FTA negotiations particularly if these are not a priority for the other country. Indeed the Secretary of State stated they did not remove these tariffs in UK-Australia due to the disparity in standards<sup>2</sup>. Whether the UK will maintain them if it is a priority for the other country remains to be seen but the UK should make it clear at the outset of negotiations that reduction in sensitive sectors such as pigs or egg products without equivalence is a red line.
7. In addition in the Environment Chapter there is a specific heading (22.7) which denotes that environmentally clean goods should be zero tariffed as they are beneficial to sustainable development and addressing climate change concerns. The specific zero rated goods are listed in a sub Chapter. A similar approach could and should have been adopted on products contributing to improve animal welfare.
8. Finally on the TBT provisions the RSPCA is pleased to see that the Chapter affirms that any labelling applies to imported and home produced goods and seems to permit mandatory labelling of imported products provided the same labelling is applied to UK products. Defra is presently considering its position on

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<sup>2</sup> <https://hansard.parliament.uk/commons/2022-01-05/debates/0D922D6F-9A97-455D-90DE-275AA45D1AEB/UK-AustraliaFreeTradeAgreement>

mandatory method of production labelling. The RSPCA supports in principle measures to bring in such labelling as this should at least provide consumers with information on how imported New Zealand agri food products were produced. It is also pleasing that the language in cosmetics permits both sides to maintain their ban on testing on animals for cosmetics and to look at alternatives to animal use and collaborate on guidance on labelling. This is better language than in UK-Australia which stated that either *Party may consider the results of animal testing to determine the safety of a cosmetic product*. Like with the SPS provisions (see para 4) it is unclear how these differences within FTAs agreed with two CPTPP members will impact on the CPTPP admission process.

9. One objective, though not stated, of the FTA was to gain access to the CPTPP. New Zealand holds the Secretariat of this Trans Pacific FTA. A bilateral agreement with New Zealand is not required for CPTPP accession but is obviously a useful indicator of UK trade policy and, as with an Australia FTA, is a display of good faith that the UK will operate under FTA rules. The CPTPP has at its heart tariff elimination in goods. The FTAs that the UK agreed with both Australia and New Zealand contain large reductions in tariffs in the beef and sheep sector. These were presumably offered to both countries as a way of showing that the UK are serious in following the CPTPP strategy to eliminate tariffs on goods. However (paras 4, 7) as the UK has now entered stage 2 of the CPTPP admission process, it is not clear how these different TBT and SPS provisions in UK-Australia and UK-New Zealand will be merged into a position that will be accepted by all CPTPP member countries.
10. There are no discernible differences between the AiP provisions and the FTA text that are relevant to animal welfare, unlike UK-Australia where some language was watered down between the two different texts. The AMR provisions were removed from the Animal Welfare Chapter and placed into the SPS Chapter (unlike UK-Australia) but the impact of this change seems minimal.
- How might the UK-New Zealand FTA affect you, your business or organisation, or those that you represent? If possible, please describe the current situation and what you expect to change as a result of this agreement.
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. As the Government has given hugely preferential tariff reductions to New Zealand over the next 15 years in beef and sheep there is potential in products not produced to UK standards entering the UK from Australia. However, as RSPCA Assured has very little market penetration in the beef and sheep market (less than 1% of production in either sector), the impact of the FTA on RSPCA Assured is likely to be minimal at this time. However, any increased imports of beef and lamb could also slow down/prevent growth of the RSPCA Assured scheme for these livestock species in the future. Ultimately this impact as well as the greater impact on the sheep and beef industry in Great Britain, will remain unknown for some years.
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 poll<sup>3</sup>, 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

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<sup>3</sup> Savanta ComRes. Poll of 1,000 people August 2020

who are likely to feel let down by the Government for not keeping to their manifesto commitment.

- What opportunities or potential costs does this agreement present for:
  - The UK as a whole?
    13. There are minimal opportunities to the UK economy - the Government's own figures show it is targeted to increase bilateral trade by £17 billion and boost the economy by £0.8 billion (0.03% of current GDP)<sup>4</sup>.
  - particular sectors of the UK economy?
    14. In the farming sector, the export impact is expected to be minimal but the impact of greater imports of beef and lamb could be higher, depending on how New Zealand uses the deal. It is expected, as most of New Zealand's beef and lamb trade already goes to China and other East Asian countries - both geographically closer - that New Zealand will not fill its TRQ even in 2023 as there is no spare capacity in the beef sector to rapidly increase production. However FTAs are meant to last so these TRQs are always available to New Zealand. In addition lamb is a cross seasonality trade, exported to the UK when lamb is not being produced in the UK so is not in direct competition. It is however a poor model for future FTAs, given the lack of conditionality in the FTA.
    15. Unlike Australia, the UK has similar legal animal welfare standards to New Zealand, which means that the New Zealand FTA is, aside from the Trade and Cooperation Agreement (TCA) with the EU, the only FTA the UK is negotiating where animal welfare standards are broadly equivalent, but with some areas of discrepancy. World Animal Protection's Animal Protection Index has rated New Zealand 'C' (ratings are A - G with A being the highest) for animal welfare in general and 'C' specifically for farm animal welfare standards, compared to the UK ratings of 'B' and 'D' respectively<sup>5</sup>. The conventional battery cage will be prohibited for use in New Zealand in 2022, whereas this was phased out in the UK in 2012, with caged egg production representing around 45% in both countries. New Zealand has banned the live export of farm animals for slaughter, a measure currently being legislated in Great Britain. The UK has banned the use of sow stalls for pigs, a measure still permitted for the first four weeks of pregnancy in New Zealand. So there were real opportunities for the UK and New Zealand to agree a model FTA on animal welfare standards.
  - 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 lamb production, such as Wales, or a significant local beef production, such as Scotland. Under the Internal Markets Act 2020, any imports of food produced in other countries has to be allowed to be sold in the devolved nations. It is not clear if New Zealand will use the increased TRQs to export small amounts of high value beef or large amounts of low quality beef. Either way the impact on beef and lamb production in the UK's devolved nations is increased but unlikely to be seen for some years.
  - UK consumers?
    17. This FTA is the first signed by the UK which contains a Consumer Protection Chapter. This is to be welcomed though the language is very generic. 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, such as beef, lamb, dairy products and wine, but only where those tariffs keep prices high and only if those tariff price reductions are passed on to the consumer. Wine tariffs, pre the FTA, were around 4% and currency

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<sup>4</sup> <https://www.gov.uk/government/publications/uk-new-zealand-fta-impact-assessment/impact-assessment-of-the-fta-between-the-uk-and-new-zealand-executive-summary-web-version>

<sup>5</sup> <https://api.worldanimalprotection.org/>

exchange rates are far more important in determining on shelf wine prices than 0% tariffs

- Are there any opportunities which have been missed, or could have been taken further?
18. Yes the UK should have included explicit equivalency language on animal welfare standards rather than the implicit difference that it made between standards on egg products in the Australian and New Zealand FTAs, granting preferential access to egg products only where equivalency was attained. The UK-New Zealand deal was the main, perhaps only, opportunity to achieve this as both New Zealand and the UK had safeguarding animal welfare standards as an objective and language was agreed in the Animal Welfare Chapter that outcome measurement rather than input standards was the best way of achieving equivalence.
  - Has the Government got the right balance overall in terms of any trade-offs it has made, and how do you expect these will affect you, your business or organisation, or those you represent?
  19. The Government managed to achieve a better balance on animal welfare than it did in UK-Australia, particularly around safeguarding UK's animal health standards and its labelling standards but it failed to achieve the breakthrough on setting out explicit language on equivalence in animal welfare standards that both countries wanted to achieve.
  - How well has the Government communicated its progress in negotiations – and how much has it listened to stakeholders during those negotiations?
  20. Communication from the Government has been 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 AiP from what the New Zealand Government placed on its website or revealed to civil society rather than the Department for International Trade (DIT) website and information gathered by RNZSPCA has been more relevant and detailed than that supplied by the DIT to the RSPCA in the UK.
  21. There has been 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.
  22. It is difficult to assess how much the Government listened to stakeholders during negotiations, as the Government has not made any public announcement of progress or otherwise of the negotiation against its stated negotiation objectives until the FTA was signed. It is expected that some information cannot be released during trade negotiations but, compared to other trade negotiations, such as those run by the USA or EU, where more information is given to civil society, information was minimal as was the Government listening to stakeholder concerns.
  23. The UK has yet to publish its trade strategy. It took nine months to respond to the report from the Trade and Agriculture Commission and in particular its recommendation to only liberalise trade on agri food products based on conditionality. It is clear now why there was this gap: there is no conditionality on standards in the UK-New Zealand FTA and the UK Government did not want to reveal this lowering of its standards before the FTA was agreed.
  24. Communication between civil society and the trade negotiators is much better in the EU and the USA with an established civil society group forum. Even without such a forum in New Zealand the Government was more transparent and gave more regular communications than in the UK.
  - How well has the Government communicated the likely impacts of this agreement for you, your business or organisation, or those you represent?
  25. Government has not communicated the likely impacts of this agreement well at all. All Government

communications (eg 10 key benefits<sup>6</sup>, Agrifood explainer<sup>7</sup>, the FTA Impact Assessment<sup>8</sup>) emphasise the benefits and do not look at any negative impacts or even present the FTA in a measured manner. Indeed the Key Benefits documented is branded by the Government as Promotional Material.

- 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 New Zealand?
26. The Government obtained some useful language on animal welfare and by placing the animal welfare Chapter outside the SPS Chapter showed that animal welfare standards were different to and separate from SPS standards. It should use the standalone Animal Welfare Chapter as a model for future FTAs.
  27. The Government did not set conditionality as a red line in negotiations to ensure there was equivalency of standards with products that were important to New Zealand such as beef, lamb and dairy. Indeed, the Government has not yet set out its principles on how to assess and measure this or set out what are its core animal welfare standards. In its response to the Trade and Agriculture Commission report, which asked the Government to lower tariffs where equivalence can be demonstrated<sup>9</sup>, the Government ruled out using equivalence on animal welfare standards as a measure to lower tariffs in trade negotiations, but work to raise standards internationally instead.
  28. However it was able to maintain its MFN tariffs on other sensitive tariff lines such as pigmeat and dried and liquid eggs which were not an Australian priority. The Government should ensure it has a list of core standards for animal welfare which it will utilise to ensure any reduction in tariffs is only given to those products produced to UK standards. The RSPCA has developed such as process and list<sup>10</sup>. This will be especially vital when it starts negotiations with Canada, India and Mexico where there is a longer list of agri food products that could be imported and undercut citizen's ethical expectations as well as UK farm and animal testing standards as the in-country standards in these areas such as pig production, eggs and chickens are much lower than legally permitted in the UK.
  29. The UK has over 40 specific animal health and welfare standards set out in legislation, though only the animal health standards, such as the ban on the use of hormones in beef production, have import or marketing prohibitions. The animal *welfare* standards have no import or trade prohibitions, so these standards can be undermined by cheaper products produced to lower welfare standards that have been allowed in under reduced tariffs in FTAs.
  30. Unlike Australia, the UK has similar legal animal welfare standards to New Zealand, which means that the New Zealand FTA is, aside from the Trade and Cooperation Agreement (TCA) with the EU, the only FTA the UK has negotiated where animal welfare standards are broadly equivalent. World Animal Protection's Animal Protection Index has rated New Zealand 'C' (ratings are A - G with A being the highest) for animal welfare in general and 'C' specifically for farm animal welfare standards, compared to the UK ratings of 'B' and 'D' respectively<sup>11</sup>. The conventional battery cage will be prohibited for use in New Zealand in 2022, whereas this was phased out in the UK in 2012, with caged egg production representing around 45% in both countries. New Zealand has banned the live export of farm animals for slaughter, a measure currently being legislated in Great Britain. The UK has banned the use of sow stalls for pigs, a measure still

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<sup>6</sup> <https://www.gov.uk/government/publications/uk-new-zealand-fta-benefits-for-the-uk/uk-new-zealand-free-trade-agreement-10-key-benefits-web-version#fnref:1>

<sup>7</sup> <https://www.gov.uk/government/publications/uk-new-zealand-fta-agri-food-explainer>

<sup>8</sup> <https://www.gov.uk/government/publications/uk-new-zealand-fta-impact-assessment/impact-assessment-of-the-fta-between-the-uk-and-new-zealand-executive-summary-web-version>

<sup>9</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/969045/Trade-and-Agriculture-Commission-final-report.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/969045/Trade-and-Agriculture-Commission-final-report.pdf)

<sup>10</sup> <https://tawcuk.org/738-2/>

<sup>11</sup> <https://api.worldanimalprotection.org/>

permitted for the first four weeks of pregnancy in New Zealand. So there are real opportunities for the UK and New Zealand to agree a model FTA on animal welfare standards.

31. The RSPCA is pleased to see that the following have been included in the FTA. Under SPS issues, the FTA permits recognition of each other's SPS measures - this means the legislation on beef hormone and chlorine chicken will not change. This is positive, as is the commitment by the UK Government to audit and monitor how New Zealand will separate hormone and non-hormone beef for export.
32. The RSPCA is pleased to see that the UK Government has confirmed it will approve slaughterhouses in New Zealand to ensure that the standards are equivalent to the UK's and ensure the import ban on meat not slaughtered to UK standards will continue<sup>12</sup>.
33. The FTA has a stand-alone chapter on animal welfare, placed outside the SPS chapter. Provisions in the chapter cover commitments, including affirmation of the UK's right to regulate on animal welfare, and the right to establish its own policies and priorities for the protection of animal welfare. With the information available at the current time, the RSPCA supports the Animal Welfare Chapter, as it contains the best language of any FTAs done by any country to date. We support it being stand alone outside the SPS, as animal welfare standards are not part of the SPS although note the Animal Welfare Committee is a sub committee of the SPS Committee. Provisions on cooperation in international fora to promote development of the best possible animal welfare practices and setting up an animal welfare working group to promote high animal welfare practices are also welcome. This stand alone Chapter also contains language on non regression "where possible" and non derogation from animal welfare standards. The actual language on non regression is important, but this is the first FTA where there has been non regression language on animal welfare. Even the Trade Cooperation Agreement (TCA), probably the most comprehensive FTA the UK has signed, only contains non regression language on environmental standards and not animal welfare. The Chapter also recognises the use of animal welfare outcomes as a method to establish and measure welfare standards.
34. On tariffs, the UK has agreed to increase access greatly by reducing tariffs on imports for beef and lamb. The 15 year tariff phase for beef means that in 2023 there will be a 25 times increase in beef imports from under 480 tonnes to 12,000 tonnes if New Zealand fills its TRQ. On lamb the 15 year phase in means little immediate change (a four fold increase from 2018; in 2020 27,000 tonnes were imported compared to tariff free quote of 35,000 in 2022-6 but afterwards a rise in lamb imports if New Zealand fills its TRQ . This may be an issue for the UK's beef and lamb producers. There is no conditionality attached. However, as there is broad equivalence on animal welfare production standards between the two country's systems, the reduction in tariffs will not result in New Zealand farmers undercutting UK farmers because they are using production methods illegal in the UK. Cross seasonality on trade in lamb should also mitigate risk for UK lamb producers. This FTA is markedly different to the Australia FTA, where similar reductions in tariffs were agreed despite the lack of any equivalence on standards or any agreement on conditionality.
35. The TBT (Technical Barriers to Trade) Chapter recognises the importance of maintaining the bans on using animals to test cosmetics in both New Zealand and the UK and to look for alternatives to use of animals. This is also an important statement which has not been seen in a FTA before and again commits both countries not to lower their animal welfare standards. The cosmetics ban in the UK has been seen by some countries such as the USA as a barrier to trade as it stops cosmetics products that have been tested on animals being sold in the UK so this statement of intent sends a strong signal to other countries.
36. In summary whilst it could have gone further in specific equivalence language, the FTA represents a step forward for the UK in promoting animal welfare standards internationally and ensuring our standards are not undermined. However, both New Zealand and the UK have similar standards and both were committed to language in the AiP that underlined these aspirations. Indeed, it could be questioned that if

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<sup>12</sup> Schedule 5 of The Welfare of Animals at the Time of Killing (England) Regulations 2015

Written evidence submission from RSPCA (ANZ0015)

strong language was not inserted in this AiP, when would it ever be inserted especially considering that all the other countries with whom the UK is negotiating FTAs, such as Canada, India and Mexico, have lower animal standards than the UK.