

## INTERNATIONAL TRADE COMMITTEE ON UK-NEW ZEALAND FTA

### Trade & Animal Welfare Coalition Submission

#### Overview

1. The Trade & Animal Welfare Coalition is a coalition of organisations from across the UK who work on animal welfare matters and campaign for higher standards. Members of the coalition have broad expertise across animal health and welfare and trade. TAWC welcomes the opportunity to respond to this inquiry by the House of Commons International Trade Committee into the UK-New Zealand Free Trade Agreement. TAWC held the view that 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. We have responded to the questions which are relevant to animal welfare and environmental standards, as set out below.
- **To what extent has the Government achieved its stated [negotiating objectives](#) or delivered on the [Agreement in Principle](#)?**
2. The UK has met the objective of strengthening research and cooperation in animal welfare. This the first FTA with an animal welfare chapter for New Zealand and it contains the strongest language used yet by the UK in an FTA. There is also non regression language. However, it is not clear how the non-regression provisions will work and how the animal welfare will be assessed to ensure equivalence of outcomes for the animals.
3. The UK has also met the objective of upholding 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 language in the SPS provisions permits recognition of each partner's SPS measures and allows a risk analysis to ensure equivalence. For the UK-Australia FTA, it was based on scientific measures and the preferable approach is the New Zealand version. Yet to best uphold the UK food safety and animal health standards, it would have been even better to include an explicit recognition of the right of the UK to rely on the precautionary principle for specific measures. Indeed, several animal health-based trade restrictions benefitting animal welfare (ban on hormone-fed beef or chlorine-rinsed chicken) do rely on such a principle
4. The UK has not met the objective of securing broad liberalisations on agriculture whilst taking into account product sensitivities. To the contrary, it has permitted the import of beef and sheep meat products without any equivalence of animal welfare standards. This is a missed opportunity as the UK and New Zealand have broadly equivalent animal welfare standards, and conditionality would have been more acceptable. It is becoming clear - as this is the UK's second FTA, after UK-Australia, where conditionality has not been incorporated - that this is the UK's general approach for FTAs, at least for products that are offensive interests for the trading partners.
5. When products are not a priority for the trading partner, the UK seems to apply an approach taking into consideration animal welfare standards. Indeed, in the case of the UK-Australia agreement, the UK did not grant preferential market access for sensitive products, such as egg-related ones, as they still use conventional battery cages. In the case of New Zealand, which will have a ban on the use of conventional battery cages for laying hens as of 2022, the tariffs will be eliminated on these products. While this is welcome, the UK should make clear that this logic does not only apply to sectors where there are barely any exports.
6. In the Environment Chapter, the UK-New Zealand deal has zero rated goods listed which are seen to address climate change concerns and are beneficial to sustainable development. A similar approach could be taken with animal welfare.

- **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.**

7. The members of TAWC work to raise animal welfare standards and such standards would be under threat if the UK agreed trade deals that grant preferential market access to products produced to lower standards. The reason is that there could be a cost differential in producing the product in the UK under higher welfare standards compared to lower standards in the third country. This means that importing lower welfare products could become cheaper, and that could lead to UK consumers fueling more production abroad under lower standards, which would go against their wishes. There would also be an impact on the public who are often represented by TAWC members and who have indicated their strong support for high animal welfare standards. Broadly amongst the public, 75%<sup>1</sup>, have shown their support for the Government to honour its commitment not to lower animal welfare standards in FTAs, and above 90% would want imported products to respect animal welfare standards equivalent to those applied in the UK. .

- **What opportunities or potential costs does this agreement present for:**

#### **The UK as a whole?**

8. 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>2</sup>. Whilst there is an increase, there is a decrease on food and farming specifically and the Impact Assessment sets out that part of the gains results from a reallocation of resources away from agriculture, forestry, and fishing (around -£48 million) and semi-processed foods (around -£97 million).

#### **Particular sectors of the UK economy?**

9. The UK has agreed to increase access greatly by reducing tariffs on imports for beef and lamb. This may have an impact on the UK's beef and lamb producers, however, it is expected, as most of New Zealand's beef and lamb trade already goes to China and other East Asian countries, 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. Nonetheless FTAs are meant to last so these TRQs are always available to New Zealand and it is a poor model for future FTAs, given the lack of conditionality in the FTA that could result in the farmer sector feeling insecure about the impact of wider FTAs.

#### **The UK's devolved nations and English regions?**

10. Trade is a reserved matter with the devolved countries having no official say in what is agreed by the UK in an FTA and 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 lamb or large amounts of low quality beef or lamb, however any impact as a result could be felt in those regions with significant lamb production, such as Wales, or a significant local beef production, such as Scotland.

#### **UK consumers?**

11. 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

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

<sup>2</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>

only where those tariffs keep prices high and only if those tariff price reductions are passed on to the consumer.

- **Are there any opportunities which have been missed, or could have been taken further?**
12. 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>3</sup>. Therefore, the UK has similar legal animal welfare standards to New Zealand with issues like the ending of conventional battery cages in both countries and the ban on live export of farm animals for slaughter implemented in New Zealand and currently being legislated in Great Britain. So there were real opportunities for the UK and New Zealand to agree on a model FTA on animal welfare standards. 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. Therefore it would have been positive to include 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.
- **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?**
13. 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. Therefore the trade-offs have been limited and will not make a big difference to our members who are more concerned about the broad direction of UK FTAs when it comes to countries with significantly lower standards.

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

14. There has been no mechanism for TAWC to respond to the DIT during negotiations and communication generally has been very limited and not seeking input. Some of our members have gained more information from their partner organisations in New Zealand rather than DIT in the UK.
15. TAWC does not feel the Government asked for stakeholders' views as they negotiated and they did not make any announcements on progress or provide much in the way of updates. Some of our members work in the EU and U.S where there are civil society group forums and information is given to those groups whereas there is no such structure 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?**
16. The Government has not communicated the likely impacts of this agreement to our members and has not touched on the opportunities or the negatives. The Government communications only emphasised the benefits and did not look at any negative impacts.

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<sup>3</sup> <https://api.worldanimalprotection.org/>

- **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?**
17. The FTA represents a step forward for the UK in promoting animal welfare standards internationally and ensuring our standards are not undermined. It could have gone further in specific equivalence language, as both New Zealand and the UK have similar standards, and, therefore, the concern with future negotiations is that if there was a failure to use stronger language in this agreement then it is unlikely to be used with India, Mexico and Canada who all have lower animal standards than the UK.
  18. It is welcome that the FTA has a stand-alone chapter on animal welfare and that it contains the best language of any FTA we have seen on animal welfare, even if restricted to farmed animal welfare. A stand-alone chapter is also fit to recognise that animal welfare standards are not part of the SPS domain. It should use the standalone Animal Welfare Chapter as a model for future FTAs. This stand-alone Chapter also contains language on non-regression” and non-derogation from animal welfare standards. Yet, this should be the minimum with a partner like New Zealand and the impact of such provisions is hard to assess, as a trade impact has to be demonstrated for them to be activated. The chapter also recognises that both UK and New Zealand animal welfare legislation can be seen as equivalent in terms of outcomes. While this can be true at the moment, FTAs are made to last and it would have been positive to have an indication that this could be reassessed.
  19. It is positive 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>4</sup>. It is less good though that the agreement calls for a limitation of audits, unless justified. Enforcement is an issue in New Zealand, and parties should not refrain from checking the situation on the ground.
  20. 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.
  21. 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.
  22. The FTA does not put in place any animal welfare-based conditionality on tariff reductions granted to New Zealand for products that were important to the country, such as beef, lamb and dairy. In the Environment Chapter, some provisions reduce tariffs on specific environmentally clean goods and services which are listed in an Annex. The UK has over 40 specific animal health and welfare standards set out in legislation, though only the animal health standards 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. 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. Nonetheless, 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 in future FTAs where productions standards are lower such as Mexico and India.

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<sup>4</sup> Schedule 5 of The Welfare of Animals at the Time of Killing (England) Regulations 2015  
*April 2022*

