

UK Trade Negotiations: Agreement with Australia

Evidence from WWF to the House of Commons International Trade Committee

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WHO WE ARE

1. WWF is the world's leading independent conservation organisation. Our mission is to create a world where people and wildlife can thrive together.

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Reason for submitting evidence

2. Trade deals have significant consequences for the environment in the UK and around the world by reducing barriers on the exchange of goods and services, some of which can cause environmental harm, others of which may improve the sharing of technologies that can help tackle climate change. Unfortunately, without additional new safeguards, the UK's agreement with Australia is more likely to cause environmental harm than good, and we wish to bring these issues to the attention of the Committee.

Please note whilst we are submitting our own evidence; we also support the evidence submitted by Greener UK

SUMMARY

3. The Australia-UK free trade agreement risks undermining UK efforts to green agriculture by undercutting UK farmers with cheaper imports produced in a more environmentally harmful agriculture system. It also sets a concerning precedent for future trade agreements, as future trade partners, including countries with low environmental standards for farming such as Brazil and the US, are likely to demand similar market access, increasing the cumulative impact liberalisation of agricultural trade without any environmental conditions.
4. The UK government has failed to achieve its stated negotiating objectives to "ensure high standards and protections for UK consumers (...)" including through "not compromising on our high environmental protection, animal welfare and food safety standards". There are solutions to this outside of the trade deal: the UK could develop core environmental standards, legislation which would require agrifood imports sold in the UK to meet comparable standards to those we require of our own farmers.
5. Furthermore, it is unclear to what extent the UK government has achieved the objective of securing an agreement which works for the whole of the UK, as the impact of the agreement on Northern Ireland is subject to considerable uncertainty.
6. In addition to undermining high environmental standards of farming in the UK, the Australia trade deal risks aggravating the UK's global footprint from consumption, by supporting an agricultural system that increases deforestation, relies on pesticides that are banned in the UK, and is responsible for large greenhouse gas emissions.

7. The parliamentary scrutiny and public consultation on the Australia trade deal so far have been unsatisfactory, and exemplify broader issues with the process for negotiating trade agreements. The government should provide the public with an effective say on the deal throughout the negotiating process and improve the ratification process by granting parliament a debate and vote on the final deal.
8. To address the cumulative impact of trade deals, the government should publish an overarching trade policy that would set out its approach to key trade issues touching on a range of policy areas. Alongside flanking policies such as core environmental standards, and improved scrutiny and public consultation procedures, this would rebuild public and stakeholder confidence in trade negotiations.

HOW GOOD A DEAL IS THE UK-AUSTRALIA FTA FOR THE UK?

9. Free trade agreements have the potential to be a powerful force for good, building trading relationships that make us a stronger and more resilient, greener nation, one that is leading in the transition to net zero and nature restoration. Trade deals should support sustainable agriculture and the clean industries of the future.
10. However, the final text of the UK-Australia FTA shows that the UK has offered its biggest prize – tariff- and quota-free market access to key agricultural sectors – to a backmarker on climate action, with a deal that undermines high UK standards on the environment and animal welfare by forcing UK farmers to compete with outdated, unsustainable and industrialised models of agricultural production.
11. The Australia trade deal is therefore likely to be harmful to UK environmental objectives; it could undermine UK efforts to green agriculture by undercutting domestic farmers with imports from a more harmful agriculture system. The effect will be aggravated due to the precedent that the Australia trade agreement sets for future trade deals the UK is planning to negotiate, as trade partners are likely to demand similar treatment as Australia. This would include countries such as Brazil, where production of exported food is also often tied to deforestation, and the US, where environmental standards for farming are also significantly lower than in the UK.

TO WHAT EXTENT HAS THE GOVERNMENT ACHIEVED ITS STATED NEGOTIATING OBJECTIVES?

12. This submission highlights the following negotiating objectives, as they fall within the areas of focus of WWF:
 - a) Throughout the agreement, ensure high standards and protections for UK consumers and workers and build on our existing international obligations. This will include not compromising on our high environmental protection, animal welfare and food safety standards.
 - b) Include measures which allow the UK to maintain the integrity, and provide meaningful protection, of the UK's world-leading environmental and labour standards.
 - c) Secure an agreement which works for the whole of the UK and takes appropriate consideration of the UK's constitutional arrangements and obligations.
13. As regards **points a and b**, the agreement does not ensure high environmental standards, as it liberalises key agricultural sectors such as beef and lamb without requiring that the imports meet domestic environmental standards. UK farmers will be forced to compete with food produced to lower standards, and this is likely to

undermine the transition to sustainable farming in the UK, and may lead to pressure for a reduction in domestic standards, as farmers are unlikely to be able to compete without a level-playing field.

14. There are solutions to this: the development of **core environmental standards, legislation which would require agri-food imports sold in the UK to meet comparable standards to those we require of our own farmers**. This would ensure that the promise to maintain high environmental standards is kept in a meaningful way; and also respond to the public's wishes that all products imported into the UK meet our environmental standards (84% of the public support this, according to a recent survey by [Which?](#)) Crucially, this approach would be in line with WTO rules, and could be developed and applied after ratification of the UK-Australia FTA so long as standards were applied equally to producers in the UK and overseas.
15. More details can be found in this [LinkedIn post](#) on how core standards can help solve the problems with the Australia trade deal, and this [WWF briefing](#).¹
16. As regards **point c**, there is some doubt as to whether the agreement works for the whole of the UK. An earlier version of the impact assessment showed a negative impact of the deal on Northern Ireland, but the methodology was subsequently changed, and the final impact assessment no longer shows such an effect ([UK Tweaks Math After Australia Trade Study Shows Pain for Northern Ireland - Bloomberg](#)). The final impact assessment still highlights that a large local economic effect could result in a Gross Value Added loss for Northern Ireland (although the modelling is subject to considerable uncertainty).

HOW ARE THE TERMS OF THE FTA BETWEEN THE UK AND AUSTRALIA LIKELY TO AFFECT YOU, YOUR BUSINESS OR ORGANISATION, OR THOSE THAT YOU REPRESENT

17. As an international environmental charity, we are concerned with the effects that the Australia- UK trade deal would have of the environment both abroad and at home in the UK.
18. [Impact on global environmental goods](#)
19. Increased trade in agricultural products with Australia would lead to UK consumption supporting an agricultural system with harmful impacts on the environment. The [Department for International Trade's Impact Assessment](#) itself (p.48) recognises Australia as a backmarker on agricultural standards in the Environmental Performance Index. In addition, the Australian beef and lamb industry perform significantly worse in terms of water use (weighted by scarcity), contributing to problems with droughts that Australia experiences (see [WWF's briefing comparing the environmental impact of farming across countries](#)).
20. Other important aspects of Australian agriculture include:

¹ WWF has been working on how core environmental standards could be designed, and for which areas they would be most useful, and we have commissioned a research project on this topic which is being delivered for us by IEEP and TULIP Consulting. They have produced an initial [think piece](#) on the topic, which sets out the key issues to consider when designing core standards and suggests areas of interest for further exploration. The final report from this research will be available in March.

- a) [Australia has the highest rate of deforestation in the OECD](#). The rate of tree cover loss rose by 34% between 2016 and 2018, in part driven by need to clear space for livestock.
21. The Impact Assessment also cites evidence of Australian agricultural activities - especially beef and dairy production - contributing to deforestation or land use change in Australia (p. 51). And yet, the Assessment's estimates of greenhouse gas (GHG) emissions associated with Australian production of goods imported to the UK as a result of the agreement do not take into account the emissions due to deforestation or land use change (p. 46). This is a significant omission and means that the GHG emissions estimates are likely to be significantly underestimated.
- a) [Australian agriculture uses 71 highly hazardous substances, and thousands of other pesticides, that are banned in the UK](#), including neonicotinoids, which kill the pollinators at the root of our food system, and have long-lasting harmful effects for insect populations.
- b) The [Climate Change Performance Index](#) ranks the UK as a top performer in measures taken by the 60 largest emitters to tackle climate change – 5th in the world, while Australia is at the bottom at 54th.
22. While in 2021 Australia finally announced a plan to achieve Net Zero by 2050, [the measures in the plan on agriculture are weak](#) and largely rely on “emerging technologies”, many of which have not been tested at scale, which is a high-risk approach to emissions reduction. Furthermore, according to the plan, the beef and lamb sector is projected to grow, this sector is largely responsible for emissions of methane, a short-lived but potent greenhouse gas that has 86 times more warming potential than carbon dioxide over a period of 20 years.

Impact on UK Nature

23. As mentioned above, the Agreement undermines the UK's high environmental standards for farming, as without additional measures such as core environmental standards, it will force UK farmers to compete on an unlevel playing field. The Public Accounts Committee's (PAC) evidence on the Environmental Land Management Scheme refers to the risk that liberalised trade with countries with lower environmental standards creates for the success of the scheme. It asks that the Department for Environment, Food and Rural Affairs explains how it will manage the risks that price rises and lower standard food imports create to the implementation of the scheme ([Environmental Land Management Scheme - Committee of Public Accounts \(parliament.uk\)](#), p. 3).

WHAT IS LIKELY TO BE THE IMPACT OF THE AGREEMENT ON:

THE UK'S ECONOMY AS A WHOLE

24. The Government Impact Assessment states that the overall economic uplift from full tariff liberalisation would be around 0.08% of UK GDP, or £2.3 billion, compared to the projected levels of trade in 2035 without the agreement. The government should consider whether this is a gain that is worth the risks to high environmental and food standards that the deal entails.
25. Further, these estimates of GDP growth were remarkably lower in the initial scoping assessment, which forecast that GDP would grow by 0.01-0.02%, which is around £200-£500 million. The Committee should consider the evidence behind these figures and their validity.

26. The economic benefits of the trade deal should be analysed in the context of the UK's commitment to achieve net zero by 2050, and the transition it is pursuing to reach that target. HM Treasury's (HMT) [Interim Report of the Net Zero Review](#) highlighted how the risk of carbon leakage increases with a country's efforts to reduce emissions. It further set out that this risk depends on trade exposure and the extent to which there are agreed international policies in place, which means that trade agreements are likely to impact on the UK's ability to meet net zero. HMT suggested mitigating the risk via the design of policies to support this transition. In this vein, the Committee on Climate Change (CCC) made minimum standards for imports a priority recommendation for DIT in its latest [progress report](#), from June 2021.

PARTICULAR SECTORS OF THE UK ECONOMY

27. The Impact Assessment suggests declines in output and employment will be concentrated in parts of the UK's farming, fishing and forestry, amounting to a cost of around £94 million.
28. The Secretary of State for Trade Anne-Marie Trevelyan, when [announcing the signed deal to parliament](#), reassured that beef imports from Australia only account for a small fraction of overall beef imports, and that they are likely to remain so. And yet this contrasts with the [Australian red meat sector claiming the agreement as a win](#) for their industry, with [Australia's top beef exporter predicting a tenfold UK sales surge](#) on the conclusion of the trade deal.
29. Furthermore, while the majority of meat and dairy exports are currently directed towards Asian markets, particularly China, the UK-Australia trade deal gives Australian exporters flexibility to divert their products towards the UK market, should there be interruptions in trade with China, e.g. due to trade sanctions. A sudden increase of these imports to the UK would have very negative consequences for UK farmers.

THE UK'S DEVOLVED NATIONS AND ENGLISH REGIONS

30. As above, while the impact assessment finds the deal will enhance growth in the UK overall, the impact on Northern Ireland was assessed to be negative in previous versions of the impact assessment. The current version does state that local economic effects could change the impact on Northern Ireland from a slight increase in Gross Value Added to a decrease ([UK Tweaks Math After Australia Trade Study Shows Pain for Northern Ireland - Bloomberg](#)).

UK CONSUMERS

31. The deal as it stands, if no environmental measures to mediate its impact are introduced, goes against the wishes of UK consumers by allowing increased imports of products that do not meet domestic high environmental, food, animal welfare and public health standards. These wishes of the public were expressed in the 1 million signatures to the [NFU's petition in 2020, and](#) in the [National Trade Conversation surveys organised by Which?](#)

HOW WELL HAS THE GOVERNMENT COMMUNICATED ITS PROGRES IN NEGOTIATIONS – AND HOW MUCH HAS IT LISTENED TO STAKEHOLDERS DURING THOSE NEGOTIATIONS?

32. The stakeholder engagement, scrutiny, and public consultation processes for the Australia trade deal leave a lot to be desired. The fact that stakeholders had to look

for information about the content of the Agreement in Principle on Australian government websites, and found out about the date of release of the final text of the agreement from Australian media, exemplifies how the information from the UK government side is lacking.

Public Consultation

33. Public opinions are only sought through consultation prior to the setting of negotiating objectives, when there is considerable uncertainty about what will be the content of the deal. There was a [public consultation](#) on the negotiating objectives of the UK-Australia FTA in 2018, which received over 145,000 responses, many of which raised concerns around environmental standards. It is not clear that the concerns of the public were addressed in the negotiating objectives, and it is also now clear that they have not been addressed in the final deal.
34. To ensure public support for free trade, and guarantee that significant concerns such as environmental standards are adequately addressed, **the Government must provide the public with an effective say on the contents of the deal throughout the negotiating process.**

Constitutional Reform and Governance Act

35. The process for scrutinising the deal in Parliament is also in need of reform. **The Constitutional Reform and Governance (CRAG) Act 2010 is a poor tool for Parliamentary scrutiny of trade agreements, as it does not guarantee a parliamentary debate or vote at the end of the process.**
36. Under Section 21 of the CRAG Act Government must lay a new treaty, such as an FTA, before Parliament for 21 sitting days prior to ratification. The Government may choose to allow for Government time to be used for a debate and vote on a treaty, however this is neither required nor guaranteed by the CRAG Act. If Government were to fail to make time for a debate and vote, it would likely be for the Opposition to use an Opposition Day to enable Parliament to resolve against an FTA should they believe it should not be ratified. However, there is no guarantee an Opposition Day would be provided for in the 21-day period. Following the passage of the Trade Act 2021, the government made an informal commitment to provide parliamentary time for a debate in the House of Lords should the International Agreements Committee request one.
37. However, under the terms of the CRAG Act, even when a debate is provided for and a resolution against a deal is made, such a resolution may only delay ratification for a further 21 sitting day period. Though such resolutions may be made repeatedly, the challenges of finding parliamentary time to do so remain. Moreover, under section 22 of the CRAG Act, a Minister may decide, exceptionally, that a deal should not be subject to Section 21 of the CRAG Act, and that it may be ratified outside those requirements with no recourse to Parliament – such exceptions are not defined in the Act.

Trade and Agriculture Commission

38. Before launching the CRAG process, **a report from the Trade and Agriculture Commission (TAC) will be presented to the Secretary of State and laid before Parliament in compliance of Section 42 of the Agriculture Act 2020.** This report is limited to assessing whether, or to what extent, measures in an FTA are consistent with UK levels of statutory protection in relation to: human, animal or plant life or health; animal welfare; and the environment.

39. It is highly unusual for the text of an FTA to directly require changes to levels of statutory protection – however, in many cases UK producers are expected to meet higher environmental standards than those present in other countries. Such **an unlevel playing field, created by the removal of tariffs and quotas, may lead to demands to deregulate in the UK to enable producers to compete. The limited scope of the TAC’s powers may prevent it from assessing these types of effects.**

HOW WELL HAS THE GOVERNMENT COMMUNICATED THE POSSIBLE IMPACT OF THE FTA, TO ENABLE YOU OR OTHER STAKEHOLDERS TO PREPARE FOR ITS IMPLEMENTATION?

40. The communications from Government on the possible impact of the FTA have frequently been confusing. For example, DIT frequently reiterates that the trade deal will not undermine the UK’s high environmental, food and animal welfare standards, and this is restated in the [agrifood](#) explainer to the trade deal. And yet, as explained above, there are currently no measures that will ensure that the UK’s environmental standards are not undermined by agrifood products made to lower standards entering the UK from abroad.
41. The impact assessment provides a lot of useful information about the trade deal and its potential impacts. It is worrying though, as mentioned above, that it omits to make the links between certain important aspects of trade with Australia- i.e. it states that Australian beef and lamb industries carry the risk of deforestation, and yet excludes deforestation and land use change effects from its estimates of GHG emissions.

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?

42. The Australia-UK Free Trade Agreement- the process of its negotiation, and the resulting agreement- provides some major lessons for the future of UK trade negotiations. The approach that DIT has taken to negotiating agreements “deal-by-deal”, without setting out an overarching trade policy, creates major risks in terms of opening the door to the cumulative negative environmental effects of trade deals.
43. Neither the Government’s impact assessment, nor the brief of the TAC, allow for the consideration of the cumulative impact of trade deals the UK is planning to negotiate. **Allowing zero tariff, zero quota market access to Australian agriculture will most likely lead the UK’s future trading partners – such as Brazil, and the US – to demand similar market access** when they negotiate a deal. The Government argues they will negotiate each deal on its own terms, but this seems to avoid the reality of the UK-Australia FTA providing a baseline level of access a relatively small economy like Australia can negotiate and on which future trade partners will rely. Further, the consequence of offering such deep market access to Australia, a country with a record of weak climate and environmental policies, means that the UK will struggle in future to link the level of openness of trade with its trade partners’ environmental performance.
44. Some will argue that the decrease in output of the agricultural sector due to the Australia deal- by £94 million, or 0.7%- is not massive, but this should be seen in the context of the UK’s approach to trade as a whole. Moreover, if such liberalisation were reflected in other deals, and imports of food produced to lower standards increased, the UK risks significantly increasing its global environmental footprint,

offshoring environmental harm from deforestation to water pollution. It is notable that while between 1990 and 2016 emissions within the UK's borders reduced by 41%, the consumption-based footprint only dropped 15%, mainly due to goods and services coming from abroad ([WWF Carbon Footprint 2020](#)). Taking a similar approach to liberalising agriculture in future deals could lead to significantly higher cumulative effects, which would not be caught by any single impact assessment.

45. **Government should learn from these concerns and publish an overarching trade policy.** This would ensure that trade policy is based on coherent and joined up thinking in Government, looking at the effects of the UK's approach to trade in all policy areas. An overarching policy would also strengthen the hand of UK negotiators, as it would send a message to negotiating partners that the UK cannot fall below its domestically approved red lines. This is common practice for US negotiators, who will refer to legislation passed under the Trade Promotion Authority, which sets out clear limits for negotiators.
46. Furthermore, such an approach would **rebuild public and stakeholder confidence in trade**, by showing that the Government is willing to take a proactive stance on key policy issues in pursuing a new independent trade agenda. The consultation and scrutiny procedures for the Australia trade deal have been lacking and the government could use a published trade policy to set out how it would improve public and parliamentary engagement for future trade deals.
47. Furthermore, a trade policy would include measures which are **flanking policies for trade**, that apply to trade across the board (whether under trade deals or not). **Establishing core environmental standards as a flanking policy for all trade**, would ensure that future trade deals do not further undermine the domestic transition to more sustainable farming. They would also avoid increasing the offshoring of the UK's impact of consumption, by requiring that imported products meet comparable environmental standards to those produced in the UK.