

## Submission to the International Trade Committee – Call for evidence on the UK-Australia Free Trade Agreement (FTA)

From Profs Tim Lang,<sup>1</sup> Erik Millstone<sup>2</sup> and Terry Marsden<sup>3</sup>

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Thank you for the opportunity to comment on this Trade Deal. Our submission primarily addresses your *Question 1: How good a deal is the UK-Australia FTA for the UK?*

Our concerns about the UK-Australia FTA are summarised thus:

1. That the deal reneges on repeated promises by HM Government (HMG) that such trade deals would not weaken commitment to high food standards in any post-Brexit trade deals is deeply to be regretted. The issue of sanitary and phytosanitary standards (SPS) is highly significant as an indicator of whether HM Government takes non-financial aspects of trade seriously.<sup>1</sup> We need to know whether this was the result of deliberate lack of internal audits or of their inadequacy. And if HMG believes it can operate a two-tier food standards regime (one internal, the other external), this surely adds to bureaucratic complexity, incentivises fraud (cheaper low cost imports masquerading as high-standard local produce), and risks shrinking domestic production.
2. The deal was greeted by the Australian farm sector with some delight. As one observer remarked, it has “given Australia pretty much everything it wanted in terms of access to the UK agricultural market”.<sup>2</sup> The goal of tariff-free trade will be in place within 10 years for beef and lamb, 8 years for sugar, and 5 for dairy. UK food and farm interests do not subscribe to this positive verdict.<sup>3-5</sup> Bland language of shared ‘high standards’ is not matched by Australia being given almost no SPS ‘lines in the sand’ to worry its farmers about restrictions on products grown or processed using methods not permitted in the UK. This is despite UK authorities being told, not least by ourselves when first highlighting these issues post-Brexit,<sup>6,7</sup> and by its own temporary advisor the first Trade & Agriculture Commission in 2021,<sup>8</sup> that Australia has much more permissive (i.e. weaker) standards on hormones, animal welfare and pesticide use than does the UK at present and if operating to EU standards.<sup>9</sup> The deal thus looks set to undermine UK standards and industry’s desire to maintain them. It could set up a race to the bottom rather than a virtuous pursuit of ever higher standards.
3. After half a century of Common Market/EU membership, the UK is having to relearn how to conduct tough trade negotiations on its own. This FTA with Australia is the first of what is likely to be other trade deals with other agriculturally-oriented countries such as the USA, New Zealand and Brazil, some of whom have years of pursuing deregulation in their agricultural and food policies, and who have deep negotiating expertise. The UK is thus politically anxious for new deals with countries who have well-developed export infrastructures and see the lucrative UK market as a political opportunity for their own domestic producers. The USA, for example, made it clear post-Brexit that it would only do a deal with the UK if it moved away from EU

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<sup>1</sup> Professor Emeritus of Food Policy, Centre for Food Policy, City University of London – [t.lang@city.ac.uk](mailto:t.lang@city.ac.uk)

<sup>2</sup> Professor Emeritus of Science Policy, SPRU, University of Sussex - [e.p.millstone@sussex.ac.uk](mailto:e.p.millstone@sussex.ac.uk)

<sup>3</sup> Emeritus Professor of Environmental Planning and Policy, Cardiff University - [MarsdenTK@cardiff.ac.uk](mailto:MarsdenTK@cardiff.ac.uk)

standards.<sup>10</sup> UK politicians are in denial about the fact that they are doing deals which are not a level playing field. Some honesty about this is needed, at the very least.

4. The FTA deal is not just about agri-food. It was generally 'media messaged' as favouring UK service industries over agri-food industries. A plausible argument HMG could make for the agri-food industries would be that the deal encourages exports to Australia and that this would reduce the UK's currently huge import-export food trade gap (-£24 bn in 2019). But we find this argument unpersuasive. The food trade gap between imports and exports has steadily increased over recent decades in favour of imports, with HMG barely registering any concern. It does support import substitution or the rebuilding of UK supplies for other strategic reasons. With this FTA, if UK producers continue to operate to SPS standards tougher than Australia's, this deal signals the end of pretence that the UK operates to level playing fields. In effect, it signals that HMG is prepared to tilt in favour of more food imports from Australia while undermining food exports from the UK. The Food & Drink Federation reported in December 2021 that food exports are already down by a quarter due to Brexit.<sup>11</sup> The Australia FTA is likely therefore to widen rather than narrow the food trade gap. We think this is poor policy.
5. HMG continues to duck the policy-sensitive issue of whether it wants to see more home production of food for domestic consumption or less – a critical policy question we have raised for some time.<sup>12 13</sup> This FTA deal suggests that HMG is actually uninterested in increasing UK food production or becoming more self-sufficient. It confirms that the lack of attention to this question in the Agriculture Act 2020 and preceding White Paper was not an oversight.<sup>14 15</sup> We strongly question the morality, sustainability and political sense of allowing UK production to weaken without comment or debate.<sup>16 17</sup> A vital national matter is being ducked.
6. By encouraging more long-distance food trade, overwhelmingly using shipping, HMG is choosing to ignore the evidence about shipping's greenhouse gas emissions reported by the UN International Maritime Organisation as continuing to rise.<sup>18</sup> The UK should be working to reduce transport greenhouse gas emissions, not increase them. Or are the signals from the Intergovernmental Panel on Climate Change for COP26 - which the UK chaired - being ignored or downplayed with regard to our own UK food trade?<sup>19</sup>
7. The semiotics of the FTA deal are troubling for national food security, by which we mean both security of UK supplies and UK capacity to defend them. Currently, the UK is heavily reliant on food imports from the European Union; ~30% of UK food supplies are from the EU. The UK produces only 54% of its food, according to the December 2021 new triennial UK Food Security Report.<sup>20</sup> (Others calculate it as even less if all externalities are included.<sup>21</sup>) It has steadily fallen since the post World War II highpoint, the early 1980s. Besides this Australia FTA, HMG has begun negotiations for membership of the Comprehensive and Progressive Agreement for Trans-Pacific (CPTPP).<sup>22</sup> But how will a desire to join an Asia-Pacific liaison help food security? The UK Food Security Report is silent on that. One wonders whether the Department for International Trade lacks geographical specialist advice if it seriously thinks UK agri-food policy should be prioritising the Pacific region, or is the policy 'anyone but Europe'? If so, HMG (ie Defra, DIT and the FCDO) has forgotten or perhaps chooses to ignore the lessons of history that long-distance food reliance adds to strategic risks should military or trade tensions worsen.<sup>17 23-25</sup> It was part of the reason that many UK policy-makers from Prime Ministers Churchill to Wilson and Heath saw the need to join the Common Market (now European Union). Tilting back to long-distance core food supplies may also not be a sound food security policy on environmental

grounds. Australia's fragile ecology is already in considerable trouble.<sup>26 27</sup> Why should the UK facilitate importation of more embedded water from already water-stressed land? Where is the UK's acknowledgement in this FTA that it could be contributing to ecological stress?

8. The FTA suggests continuing failure to recognise the importance of UK food defence. Perhaps because supply is so concentrated into mostly large commercial hands (and even more so with Covid), state policy-makers assume commerce is the same as the national interest with regard to the protection of UK food supply lines; this is not necessarily so.<sup>17</sup> With geo-politics worsening, too, this is not the time to expose the UK food flank further. Just-in-time food logistics depend entirely upon satellites, Artificial Intelligence, and computerised informatics all working, yet these are beginning to be exposed as vulnerable to ransomware.<sup>28 29</sup> Seeking to expand agri-food trade (which has to take material form in containers and ships) now means increased cyber vulnerability. This might seem an acceptable risk in peaceful or benign globalising times but is surely risky when, as now, geo-politics are tense in the Asia-Pacific and East-West regions. If the Ministry of Defence recognises this,<sup>30</sup> why is food defence apparently an unimportant issue for Department for Trade? We have requested before that trade deals such as this should be reviewed with regard to Critical National Infrastructure.<sup>17</sup> When even giant food companies are increasingly exposed to cyber-attack,<sup>31</sup> who is looking after the public interest? The notion of food defence must be rescued from a solely commercial interpretation.<sup>17 32 33</sup>
9. The FTA sets long time horizons of 5 to 10 years to the phasing-in of SPS and tariff-free implementation. In approving this, HMG has done two things which are regrettable with regard to public trust in food. Firstly, current ministers will be safely distanced from subsequent responsibilities and harm. Secondly, the public will develop more rather than less scepticism about whether governments can be trusted to prioritise public interests in trade matters with regard to health, environment, animal welfare, and ethical standards. These points may seem esoteric concerns now, but they will not in coming years if the trust gap is widened between HMG and voters, and between consumers and the food system. With the giant retailer Asda already backing away from its recent commitment to stick to high standards for beef, that slide might well be already emerging.<sup>34 35</sup> Food is always a trust relationship. The FTA appears to do little to build it.

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