

Written Evidence submitted by The Royal Society for the Prevention of Cruelty to Animals (RSPCA)(AFTA0005)

Summary

The Australia-UK trade deal, as the first FTA to be signed by the UK since leaving the EU, is not a good FTA model for the UK to use when negotiating with India, Canada and Mexico. Whilst it contains arguably the best animal welfare provisions in any FTA to date, crucially it does not set any conditionality or equivalence on imports based on animal welfare standards used in production. Australia has lower animal welfare standards in many sectors such as eggs, pigmeat production and chicken but crucially in the two sensitive export sectors of lamb and beef where tariff reductions starting in Year 1 could mean substantial rises in imports of these products. Such differences in standards in Australia include double the long distance transport times for animals, the use of barren feedlots for cattle and sheep production, the practice of mulesing in sheep production including for cross breeds used in the lamb industry and the use of hot branding. All these are prohibited in the UK. The absence of any equivalence language on animal welfare in the FTA means that products produced from lower standards will enter the UK market. Whilst the impact of this on UK farming is untested it sets a precedent for negotiations with countries such as Canada and India who will want the same model for their eggs, chickens and pigmeat which will ignore consumer ethical preferences and undermine UK farmers. The DiT IA ignores this crucial impact. The UK held out reducing tariff lines for egg products in the Australia FTA showing that it will maintain its safeguard measures but only where these are not a priority for the other country. Aside from the farm sector the FTA also contains language that appears to allow the reduction of standards in cosmetics and REACH testing. Finally the SPS measures seem to have weakened since the AiP, reverting from mutual recognition of SPS standards to accepting SPS measures should be based on scientific risk assessments and the impact of this on retention of the UK's SPS standards such as bans on imports of beef from cattle treated with hormonal growth promoters remain unclear.

1. The RSPCA welcomes the opportunity to respond to this inquiry by the Efra Committee into the UK-Australia Free Trade Agreement. This FTA is important not only for UK-Australia trade but also as it sets the template for future FTAs and sets the direction for animal welfare standards. 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 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 interest.

Does the FTA represent a good deal for the UK's agricultural sector?

1. In December 2021 the Governments of the UK and Australia signed the FTA following the Agreement in Principle (AiP) in June. This deal is important as it is the first since the UK left the EU on 1st January 2021 and sets the tone for future FTAs that the UK is negotiating (currently a AiP with New Zealand, starting negotiations with Canada in early 2022, the Indian Government started on January 13th and consulting on starting FTAs with the Gulf Cooperation Council, Mexico and the CPTPP. The Government has a manifesto commitment not to undermine existing animal welfare standards when agreeing new trade deals as without tariff and non-tariff protection this would undercut UK producers that are producing to higher standards, potentially putting them out of business and leading to a race to the bottom. It also fuels

unsustainable agriculture practises, and impacts on climate change commitments, in contravention to the G7 Carbis Bay goals set in 2021¹.

2. The deal is not a good one for UK farm animal welfare standards or UK consumers. Of the 32 Chapters in the Australia-UK FTA four are particularly relevant to assess its value: the Animal Welfare Chapter (25), the Goods Chapter (2), the SPS Chapter (6) and Chapter 8 on Technical Barriers to Trade (TBT).
3. The UK has higher legal animal welfare standards than Australia, which has been scored as B for animal welfare and E for farm standards compared to the UK scored as B and D respectively². There are cost differentials in production methods, primarily due to increased costs in labour, land and feed in the UK. So production methods with higher animal welfare standards tend to be more costly to produce a product than those from more intensive systems (eg comparing eggs from hens in free range systems with those produced from conventional battery cages).
4. Australia has lower animal standards in the following sectors: egg production (30-40% free range compared to 58% in UK, conventional cage allowed in Australia and banned in UK), pig production (sow stalls permitted in Australia and banned for 30 years in UK - 5% free range and 5% outdoor bred pigs in Australia compared to 40% in UK); beef and sheep production (4% of cattle are kept on feedlots which are permitted in Australia and not used in UK; hot branding mandatory in Queensland and Northern Territory and banned in the UK; long distance transport times up to 48 hours in Australia without food and water compared to 29 hours and proposed reduction to 21 hours in UK); lamb production (Australia permits the mulesing of sheep, a mutilation that is prohibited in the UK). Mulesing consists in farmers removing strips of the sheep's skin located near the buttocks in order to prevent the infection of the animal by specific flies. This is a particular problem for Merino sheep used to produce wool. Despite a commitment to phase out mulesing in Australia by 2012, in 2021 80% of merino sheep were mulesed of which 40% were given pain relief³. Although merino sheep are mainly used in the wool industry some cross breed merino sheep used to produce lamb are mulesed.
5. Firstly, the good parts of the FTA. The Animal Welfare Chapter is undoubtedly far reaching and probably the best yet written into any FTAS. It is also the first animal welfare Chapter in any FTA negotiated by Australia so UK negotiators were successful to push this and to get it as a separate Chapter outside of the SPS Chapter. It contains good language on recognising animals as sentient beings, recognising the links between sustainable agriculture and farm animal welfare, improving cooperation between the UK and Australia on animal welfare issues and ensuring that neither country lowers its welfare standards to gain a trade advantage. It is the first Animal Welfare Chapter to contain non regression language on animal welfare standards, something the UK has highlighted as a success in its IA⁴. However, whilst it is good to get non derogation and non regression language in a FTA this commits the parties not to derogate from or lower their standards in order to attract trade or investments.
6. The animal welfare Chapter sets up a Committee but the language is softer than in the Environment Chapter and is not subject to Dispute Settlement process.
7. The Chapter also contains good language on collaborating to combat antimicrobial resistance. However all these commitments, whilst welcome, are soft language which do not contain any hard commitments particularly when compared to the impact of lowered tariffs found in the Goods Chapter.
8. The Goods Chapter lowers, over a period of 15 years, tariffs on sensitive agri food products such as beef and lamb without any conditionality or equivalence on standards. If fulfilled, the tariff rate quotas (TRQs) in Year One of the Agreement would allow Australia to increase its beef exports by 60 fold to the UK to

¹ <https://www.g7uk.org/wp-content/uploads/2021/06/Carbis-Bay-G7-Summit-Communique-PDF-430KB-25-pages-3-1.pdf>

² <https://api.worldanimalprotection.org/>

³ AWEX Auction data November 2021

⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041629/impact-assessment-of-the-free-trade-agreement-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-australia.pdf

35,000 tonnes and its lamb exports by four fold to 25,000 tonnes. There is no conditionality on these tariff reductions aside from Special Safeguard measures to protect farm sectors against serious injury and the UK's legislative commitment to import meat slaughtered to UK standards⁵. Animal welfare standards for both sheep and lamb production in Australia, are lower than the UK's, as detailed in para 4. As there is no conditionality put on imports of lamb from Australia it is assumed that lamb from mulesed sheep will be permitted to enter the UK. This may break the Government's rule that imports should only be of products based on the UK standard of production as mulesing is illegal in the UK.

9. On beef, around one million of the Australian beef herd, 20% of the total herd, is kept on barren feedlots, a practice also not used in the UK. Shade on feedlots will not be mandatory until 2026. It is mandatory to hot brand beef cattle in two Australian States, a practice prohibited in the UK. Again as there is no conditionality in the FTAS, it can be assumed that beef produced under standards illegal in the UK could be imported as part of the TRQs. Whilst analysis of the impact of these imports on the UK's beef and sheep industries will be difficult and may take some years to establish as the TRQs may not even be filled, it is difficult to see how this matches with the commitment not to lower UK farm standards in any Free Trade Agreements (FTAs) or that any imported product would have to meet UK standards⁶.
10. There are around 1,100 separate tariff lines in the FTA on meat and fish products⁷. The vast majority either set at 0 tariffs from day one or, like beef and sheep, have TRQs that expand over a 15 year period. However around 90 tariff lines (8%) do not change and use the UK's MFN tariffs which are set at a level to safeguard against any products entering the UK markets and undercutting standards. These sensitive products include chicken, dried, frozen and liquid eggs and pigmeat⁸. Due to geographical reasons any future trade in such products would always be small and Australia does not export egg products and is an importer not exporter of pigmeat. So Australia may not have asked for a reduction on these tariff lines as it did with beef and sheep where it is one of the world's largest exporters. But as Australia already had 0 tariffs⁹ on all these schedules and so the FTA maintains this difference in import tariffs between the two countries on eggs, and pigmeat this may indicate that the UK will maintain its tariff lines on sensitive products in other FTA negotiations if these are not a priority for the other country. Indeed the Secretary of State confirmed that the disparity in standards was the reason why the UK did not reduce the UK tariffs in these sensitive products¹⁰.
11. As the UK does not have core standards on animal welfare and has specifically not taken forward the Trade and Agriculture Commission's recommendation to put these in place it is difficult to say whether the UK will maintain core animal welfare standards in other FTAs if it is a priority for the other country. But the Australia deal is not a good indicator.
12. On the SPS Chapter, the RSPCA is pleased to see that the UK has confirmed that any imports must comply with our existing SPS requirements¹¹ and has put this as a win in its IA. Any FTA would have to comply with existing UK statutory requirements but this means that the current legal bans on imports of beef from cattle implanted with growth promoting hormones, chicken meat washed in chlorine or beef and pork from animals fed with feed containing ractopamine will continue. However the SPS Chapter only

⁵ Schedule 5 of The Welfare of Animals at the Time of Killing (England) Regulations 2015

⁶ Secretary of State DIT NCDeb c943 20 June 2020

⁷ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040788/uk-australia-free-trade-agreement-fta-annex-2b-part-2b-4-schedule-of-tariff-commitments-of-the-united-kingdom.pdf

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040788/uk-australia-free-trade-agreement-fta-annex-2b-part-2b-4-schedule-of-tariff-commitments-of-the-united-kingdom.pdf

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041629/impact-assessment-of-the-free-trade-agreement-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-australia.pdf

¹⁰ <https://hansard.parliament.uk/commons/2022-01-05/debates/OD922D6F-9A97-455D-90DE-275AA45D1AEB/UK-AustraliaFreeTradeAgreement>

¹¹ <https://www.gov.uk/government/publications/uk-australia-fta-summary-of-chapters/uk-australia-free-trade-agreement-chapter-explainers>

states that any SPS measures will be based on science. This is language directly imported from the CPTPP and seems to be a retrograde step from the AiP which stated that each country respected each other's SPS standards. In 1998 the UK, as part of the EU, lost its case at the WTO to maintain its beef-hormone import ban so this ban is not seen as scientific by the WTO under trade rules. The SPS Chapter also recognises equivalence of standards if the other country can show its to achieve an appropriate level of protection. It is unclear what this means in practice but even if it is assumed the UK received guarantees from Australia that these standards will not be challenged this does not prevent Australia challenging the UK animal health standards such as beef-hormone at the WTO's SPS Committee. It also allows other countries that use growth promoting hormones such as Canada to use the same language in the UK-Canada FTA. The UK has previously stated that it will maintain the EU's policy of auditing and visiting Australian abattoirs to assess their compliance with UK standards and ensure no beef from cattle implanted with hormones promoters can be imported (around 40% of the beef herd in Australia are hormone treated).

13. On export opportunities Australia already had 0 tariffs on most agri food products so the potential to open export opportunities for UK producers was limited to those remaining tariff lines such as on cheese which are being phased out over six years.

. What impact will tariff and quota liberalisation have on domestic producers and consumers?

14. This is difficult to assess and may not be possible to assess for many years. Firstly there is clear tariff liberalisation for beef and sheep and as farm welfare standards are lower in Australia than UK on beef and sheep production, there is greater potential in products not produced to UK standards entering the UK from Australia. However although Australia has the potential to increase trade in these products in 2022 by 60 fold for beef and 400% for lamb in 2019, the last year that was not impact by Covid, Australia only utilised 46% of its then existing beef TRQ and 45% of its lamb TRQ in exporting these products to the UK. 99% of Australia's beef is exported to other countries, mainly in East Asia. It is difficult to assess unless there is a market collapse in that region, why that trade would be diverted to the UK but important to remember that the FTA has no expiry date. The UK imports around 57% of its lamb from New Zealand and this would be the main competitor for Australia if it wished to increase its market share of lamb. New Zealand is expected to be given similar access for lamb in its FTA so these are spread out over a 15 year period and it is not clear if Australia will use the full TRQ that has been given to them. So it could be expected that Australia will not fill its TRQ even in 2022 as there is no spare capacity in the beef sector to rapidly increase production. The Australian Government has suggested that they will continue to supply small amounts of high quality beef rather than large amounts of low quality beef to the UK. 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. Any impact to consumers would be limited to changes in prices or choice. 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 exchange rates are far more important in determining on shelf prices than 0% tariffs. If Australia filled its lamb and beef TRQs this could result in large amounts of meat 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 UK standards this means the FTA undermines consumer ethical desires as well as undercutting UK standards. This 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.

How will the FTA affect the security, quality and affordability of the UK's food supply?

16. The FTA has the potential to impact on the quality of UK's beef and lamb food supply as both products are produced in Australia to lower standards than in the UK. However this impact depends on what model Australia utilises in its beef and lamb exports. If as it has suggested, it continues to trade only in high quality beef and does not fill its TRQs the quality will not be impacted and the small amounts of imports will not impact on affordability. However if Australia fills its TRQs with lower quality beef this has the potential to impact on quality as this beef is produced to lower standards. The Government at present still permits as part of its procurement process the ability for schools and hospitals to source lower quality beef from outside the UK. This sourcing is done on price. Efra has previously recommended the Government change these procurement rules¹² to avoid this occurring and the Australian FTA is a good opportunity to fasttrack these changes.

Does the FTA ensure that there will be a level playing field between UK and Australia producers on animal welfare and environmental standards? Do the terms of the FTA reflect the UK's commit to high animal welfare and environmental standards?

17. No. There is no level playing field as there is no conditionality on these tariff reductions aside from Special Safeguard measures to protect farm sectors against serious injury and the UK's legislative commitment to import meat slaughtered to UK standards¹³. Animal welfare standards for both sheep and lamb production in Australia, are lower than the UK's (para 4). As there is no conditionality put on imports of lamb from Australia it is assumed that lamb from mulesed sheep and beef from hot branded cattle will be permitted to enter the UK. This may break the Government's rule that imports should only be of products based on the UK standard of production as mulesing and hot branding are both illegal in the UK.
18. The UK did manage to negotiate a far reaching Animal Welfare Chapter which contains good language on recognising animals as sentient beings, recognising the links between sustainable agriculture and farm animal welfare, improving cooperation between the UK and Australia on animal welfare issues and ensuring that neither country lowers its welfare standards to gain a trade advantage. It is the first Animal Welfare Chapter to contain non regression language on animal welfare standards, something the UK has highlighted as a success in its IA¹⁴. However, whilst it is good to get non derogation and non regression language in a FTA this commits the parties not to derogate from or lower their standards in order to attract trade or investments. This model, which has also been used for environmental standards in other FTAs, while harmless, is not very impactful considering how low Australian standards are, as well as the difficulty to demonstrate the trade impact of a change in standards. Would the UK or Australia want to lower their own animal standards? The RSPCA is unaware of any circumstance in the 199 year history of farm animal legislation where farm animal welfare standards have been lowered in the UK, so although this language acts as a back stop it is difficult to say what actual impact it will have on standards.
19. The animal welfare Chapter is not subject to dispute settlement and the language is not as prescriptive as the Environment Chapter.

¹² <https://committees.parliament.uk/committee/52/environment-food-and-rural-affairs-committee/news/153673/efra-Government-must-drag-public-food-procurement-standards-into-the-new-decade-19-21/>

¹³ Schedule 5 of The Welfare of Animals at the Time of Killing (England) Regulations 2015

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1041629/impact-assessment-of-the-free-trade-agreement-between-the-united-kingdom-of-great-britain-and-northern-ireland-and-australia.pdf

What impact, if any, will the FTA have on the Government's agricultural and environmental policies, such as the delivery of public goods for environmental improvements and net zero?

20. The Australian FTA on its own will have no negative impact on the Government's agricultural policies and the delivery of public goods as the impact of the FTA is limited to beef and sheep industries and this impact may not be noticeable for some years, if at all.
21. The soft language in the Animal Welfare Chapter could present an opportunity for the UK to cooperate and coordinate with a member of the Cairns Group to promote a new way of sustainable agriculture in international fora such as the WTO and FAO.

What implications does this trade deal have for future trade deals?

22. Not good. The UK has not met its stated objective for the FTA of securing broad liberalisations on agriculture whilst taking into account product sensitivities as it has permitted the import of products not produced to UK animal welfare standards on beef and lamb. As a first FTA it does not provide a good model for liberalising whilst taking into account UK sensitive products in future FTAs.
23. The Department for International Trade 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 Australia-UK FTA and the UK Government did not want to reveal this lowering of its standards before the FTA was agreed.
24. As a model FTA it sends out the wrong message to other countries such as India, Canada and Mexico who will be trying to open up the UK markets for their products produced to lower standards and particularly for sensitive products such as eggs, pigmeat and chicken. All these countries are geographically closer to the UK than Australia so their ability to undercut the UK's standards will be greater. All use production methods illegal in the UK such as use of the conventional battery cage in India and Mexico, use of sow stalls in Canada and Mexico and all want to increase exports of these products in any trade deal. All will be looking to replicate the UK-Australia deal by reducing tariffs in sensitive products without conditionality to animal welfare standards.
25. 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 Animal Welfare Chapter as a model for future FTAs.

January 2022