



Australia trade deal: impact on animal welfare standards in UK

Ensuring animals have a good life by advocating on their behalf

On December 17 2021 the UK and Australian Governments signed a Free Trade Agreement (FTA) setting out new trading arrangements between the two countries. This briefing analyses the FTA's relevance to maintaining our higher animal welfare standards and promoting those standards abroad. The UK has over 40 specific animal health and welfare standards in legislation, around half being farm standards. The UK Government has a manifesto commitment not to lower such standards in any Free Trade Agreements (FTAs) and the Department of International Trade (DIT) has confirmed that it would not lower food, animal welfare or environmental standards after the UK left the EU and, when undertaking trade deals, any imported product would meet UK standards¹. The RSPCA supports these goals.

What are the differences in welfare standards between Australia and the UK?

UK nations have higher legal animal welfare standards than Australia, which has been scored as B for animal welfare overall and E for farm standards specifically, compared to the UK which scored as B and D respectively². Australian farming still permits the following standards which are all illegal in the UK:

- Long distance transport of cattle and sheep up to 48 hours compared to 29 in the UK (with a proposal to reduce further to 21 hours in 2022);
- Certain farm mutilations such as hot branding of cattle and mulesing of sheep in the lamb sector;
- Use of growth promoters such as hormones in beef production (around 20% of the cattle herd);
- Use of the conventional battery cages for laying hens (around 58% of UK production is free range compared to around 40% of Australian production) and the sow stall system in pig production, banned since 1991 in the UK;
- Cattle production on feedlots (round 4% of cattle are on barren feedlots not currently seen in the UK)
- Permits the use of animal testing for cosmetics ingredients and use of data from toxicity testing for new cosmetics' products.

There are cost differentials in production methods, primarily due to increased costs in labour, land and feed in the UK. Cost differentials between UK and Australia systems could be as high as 58% for eggs (moving from the conventional battery cage to the free range system or a price difference of 34p/dozen eggs³) and 56% in the pig sector (price difference in production costs for a pig in UK and USA⁴). At present the UK's MFN tariffs safeguard any imports produced to lower standards from entering the UK market (eg around 29% tariff for egg products, 40% for pig products). Agreeing trade deals by relaxing tariff and non-tariff protection without any conditionality on standards 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 practices, in contravention to the G7 Carbis Bay goals set in 2021⁵.

What is the process of agreeing an FTA?

The UK Parliament had no oversight of the negotiations and cannot reject ratification of the FTA, only delay it. This lack of transparency and oversight has been criticised by various Select Committees⁶. It is in contrast to jurisdictions such as the USA and the EU where there is a ratification process for Parliament. Following Parliament's concern on the lack of transparency in FTA ratification, an interim Trade and Agriculture Commission (TAC) was set up to advise on the UK's trade policy. This reported in March 2021 and advised that any trade liberalisation should only be agreed with equivalency on animal welfare standards⁷. The UK

¹ Secretary of State DIT NCDeb c943 20 June 2020

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

³ RSPCA The Case against Cages 2005; RSPCA Hard boiled Reality 2001

⁴ https://projectblue.blob.core.windows.net/media/Default/Pork/Documents/CostOfPigProduction_20193995-WEB2.pdf

⁵ <https://www.g7uk.org/wp-content/uploads/2021/06/Carbis-Bay-G7-Summit-Communique-PDF-430KB-25-pages-3-1.pdf>

⁶ <https://publications.parliament.uk/pa/cm201719/cmselect/cmtrade/1043/1043.pdf>

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Government rejected this recommendation replacing it with a commitment to work at a global level to update animal welfare standards⁸. This is essentially what has happened in the Australia FTA.

Trade is reserved whereas animal welfare is devolved. The Welsh Government has a "constructive" relationship with the Department for International Trade and an "opportunity to comment on the mandates in areas of devolved competence"⁹. However, there is no approval mechanism on FTAs for devolved administrations, or devolved Parliaments.

In 2021 the UK Government agreed in the Trade Act 2021 that any existing FTAs must be consistent with UK animal welfare standards, and the DIT has to provide an Impact assessment when the Trade Agreement is placed before Parliament. The Government also agreed to establish a permanent Trade and Agriculture Commission to monitor and give independent advice to Parliament on future FTAs. This was set up in November and will report on the FTA in addition to both Houses' Select Committees on Trade.

What should be in the FTA?

The RSPCA agrees with the TAC that MFN tariffs should not be reduced unless there is language on equivalence or conditionality as part of the new Tariff Rate Quotas (TRQs). The RSPCA also proposed that there should be language on improving cooperation on animal welfare in an animal welfare chapter in the FTA. This chapter should include reference to animals as sentient beings, the link between good animal welfare and sustainable food production, language on reducing antimicrobial use and respect for each country's labelling systems, so permitting mandatory method of production labelling on imported goods.

What is in the FTA?

The RSPCA is pleased to see that the following have been included in the FTA:

- SPS issues: the UK has confirmed that any imports must comply with our existing SPS standards¹⁰. So the current bans on imports of beef from cattle treated with growth-promoting hormones or milk from cows treated with BST will continue. However the FTA only states that any SPS measures will be based on science. In 1998 the UK, as part of the EU, lost its case at the WTO to maintain its import ban on beef from cattle treated with growth-promoting hormones 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 assumed the UK received guarantees that Australia would not challenge these standards.
- Slaughter: the UK Government will approve slaughterhouses in Australia to ensure that the standards are equivalent to the UK's and the import ban on meat not slaughtered to UK standards continues.¹¹
- Animal welfare Chapter: the FTA has a standalone chapter on animal welfare and antimicrobial resistance, placed outside the SPS chapter. Provisions in the chapter include 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. 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. It is unlikely that either country would reduce its farm standards.

What has not been included:

- Conditionality on animal welfare standards: the language on non regression and non derogation from standards is overridden by the reduction in tariffs on beef and lamb as there is no language on

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/969045/Trade-and-Agriculture-Commission-final-report.pdf

⁸ <https://www.gov.uk/government/publications/government-response-to-the-final-trade-and-agriculture-commission-report>

⁹ Welsh Government, Inter-institutional relations agreement between the National Assembly for Wales and the Welsh Government: annual report 2019 to 2020, 2 February 2021

¹⁰ <https://www.gov.uk/government/publications/uk-australia-fta-summary-of-chapters/uk-australia-free-trade-agreement-chapter-explainers>

¹¹ Schedule 5 of The Welfare of Animals at the Time of Killing (England) Regulations 2015

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providing access to these products based on conditionality of standards. Animal welfare standards for both sheep and lamb production in Australia, are lower than the UK's. As there is no conditionality put on imports of beef or lamb from Australia it is assumed that products will be imported that are produced below UK standards. This may break the Government's rule that imports should only be of products based on the UK standard of production.

Implications for sensitive UK markets

Beef Trade

The agreed 15 year phase out of tariffs could dramatically increase Australian beef exports. In 2022, for instance, a tariff free quota of 35,000 tonnes is permitted, 60 times the amount Australia exported to the UK in 2020. This increases to 110,000 tonnes in 2032. However the impact depends on whether Australia is able to fulfill its TRQ. Most of Australia's beef already goes to China and the Middle East and in previous years Australia has not managed to fulfill its existing TRQ, which is presently under 4,000 tonnes. It is however a poor model for future FTAs, given the lack of conditionality and lower animal welfare standards in Australia.

Sheep Trade

The agreed 15 year phase out of tariffs could dramatically increase Australian sheep exports. In 2022, for instance, a tariff free quota of 25,000 tonnes is permitted, four times the amount Australia exported to the UK in 2020. This increases to 75,000 tonnes in 2032. As there is no conditionality on this TRQ it will allow in meat from animals produced under systems illegal in the UK. However the impact depends on whether Australia is able to fulfill its TRQ. Most of Australia's lamb already goes to China and the Middle East and in previous years Australia has not managed to fill its existing TRQ, which is presently 19,000 tonnes.

Laying Hens Trade

The UK's current MFN tariffs are around 30% for dried and liquid eggs. Whilst dried and liquid eggs can be easily traded, Australia's geographic distance means these exports would probably not be competitive. Australia currently only exports around 1% of egg production. However the UK tariff lines for dried and liquid eggs remain unchanged even though Australia is trading under an existing zero tariff on these products. This means that the UK successfully negotiated, as they also did with pigmeat, to keep the MFN tariffs and ensure eggs or pigmeat produced in Australia under lower standards did not enter the UK market and undercut British producers. The Secretary of State confirmed this was due to the disparity in the animal welfare standards¹². This is welcome and should be used in other FTAs. However eggs and pigmeat were not trade objectives for Australia so it is unlikely that they asked for these tariffs to be reduced.

Did the UK meet their objectives in the FTA?

The UK's stated negotiating objectives relevant to animal welfare were:

- To strengthen research and cooperation;
- To futureproof the agreement in line with the Government's ambition on climate change;
- To not compromise on high animal welfare or food safety standards¹³;
- To secure broad liberalisation of tariffs on a mutually beneficial basis, taking into account UK product sensitivities, in particular for UK agriculture;
- To uphold the UK's high levels of public, animal, and plant health, including food safety.

Measured against these objectives the UK has met the objectives on strengthening research and cooperation in animal welfare and has met the objective to uphold the UK's high levels of animal health and not compromise on food safety standards. 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 not produced to UK animal welfare standards on beef and lamb. Its impact on UK's animal welfare standards depends on if Australia fills its quota. However as a first FTA it does not provide a good model for liberalising whilst taking into account UK sensitive products in future FTAs. The UK has also not met the objective of future proofing the agreement in line with its ambition on climate change. The FTA permits the import of

¹² <https://hansard.parliament.uk/commons/2022-01-05/debates/0D922D6F-9A97-455D-90DE-275AA45D1AEB/UK-AustraliaFreeTradeAgreement>

¹³ <https://www.gov.uk/government/publications/uks-approach-to-negotiating-a-free-trade-agreement-with-australia/uk-australia-free-trade-agreement-the-uks-strategic-approach>

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beef produced on cleared forest which has a direct impact on climate change. The FTA also does not contain any detailed commitment to the Paris Agreement, merely affirming countries commitments to combat climate change (Article 22.5) rather than set specific targets for both countries to meet. The Australian Government said they had successfully removed these specific targets from the FTA¹⁴.

Australia as a future FTA model

As a model, this FTA sends out the wrong message to other countries such as India, Canada and Mexico ahead of future negotiations, all of whom 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 meat. 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.

¹⁴ <https://abcnews.go.com/International/wireStory/australia-climate-goals-uk-free-trade-deal-79911886>

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