



Debate briefing: UK-Australia Free Trade Agreement

11 July 2022

Summary

It is essential that the negotiation of trade agreements does not undermine the UK's climate, animal welfare, and environmental goals. These include our net zero target, nature restoration targets, and our wider aspiration to demonstrate international leadership in tackling these challenges, both as a newly independent trading nation and in our ongoing capacity as COP26 President.

The UK-Australia Free Trade Agreement (FTA) is the first major new trade deal negotiated in the post-Brexit period. It is therefore an important opportunity to reflect on the precedent this agreement sets for future negotiations, and on how the process can be improved.

Unfortunately, this agreement sets a poor precedent for future trade deals. This deal provides Australian industries with preferential access for a range of products with no conditionality on environmental and animal welfare standards and will mean that in future negotiations it is more difficult to secure these concessions. The International Agreements Committee (IAC) echoed these concerns in their final report.¹

The Australia deal exposes British farmers and consumers to imported goods produced to lower environmental and animal welfare standards and undermines the UK's climate leadership, and our net zero and nature recovery objectives.

Recommendations

To ensure future deals protect the UK's high standards and align with our climate and nature commitments, the government should:

- 1. Develop and publish a clear trade strategy** – this is a specific recommendation of the IAC, the International Trade Committee (ITC) and the Environment, Food and Rural Affairs (EFRA) Committee.² The strategy should set out an overall framework for the negotiation of future FTAs and outline how environmental and animal welfare considerations will be addressed in the negotiations process.
- 2. Guarantee greater parliamentary scrutiny** – this government has consistently disregarded the role of parliamentary scrutiny in trade negotiations. As is already the case for many of our major trading partners, Parliament should have a legal right to see the government's negotiating objectives and have a meaningful vote on these objectives. Parliament should be guaranteed updates from government and privileged access to negotiating texts for relevant select committees to scrutinise deals throughout the process. After negotiations, both Houses of Parliament should be guaranteed a debate and vote on a final deal prior to ratification.
- 3. Develop a set of core environmental and animal welfare standards that underpin trade negotiations** – three separate sets of independent, expert advisers, the National Food Strategy, Climate Change Committee and the first Trade and Agriculture Commission have all recommended the government produce a set of core standards. The EFRA Committee has now added its voice to the list, and Professor Bartels, Chair of the TAC, made clear there is nothing to stop the government doing so.

- 4. Improve opportunities for public participation in the process** – as the EFRA Committee’s report on the Australia deal concludes, “the Government must overhaul the way it engages with the relevant sectors and the devolved administrations during negotiations to provide for meaningful two-way engagement.”
- 5. Strengthen environmental assessment of agreements** – UK trade policy should require conducting environmental impact assessments (EIAs) during the negotiating process to inform the development of FTAs. EIAs should also be conducted periodically once deals are ratified to determine any modifications needed or implications for future deals.

Undermining environmental and animal welfare standards, and British farmers

Members of the public strongly support maintaining high standards and recent polling in ‘blue wall’ constituencies clearly shows that these voters believe environmental and animal welfare standards should be strengthened, regardless of the impact on our ability to agree new trade deals.³ Over 80 percent of likely Conservative voters want stronger protections around the use of pesticides and fertilisers.

The government’s negotiating objectives stated, “We remain committed to upholding our high environmental, labour, food safety and animal welfare standards in our trade agreement with Australia.”⁴

However, Australia’s agricultural system does not meet the environmental or animal welfare standards required from UK farmers. Australia has the highest deforestation rates in the OECD, largely driven by livestock.⁵ Australian farming also allows the use of 71 more highly hazardous substances than the UK, including neonicotinoids which harm pollinators, and approves thousands more pesticide products.⁶

The World Animal Protection Index scored Australia a D on animal welfare overall, while the UK scored B.⁷ Australia still permits many practices banned in the UK, including the long-distance transport of cattle and sheep for up to 48 hours, hot branding of cattle and mulesing of sheep, barren feedlots, and the use of antibiotic growth promoters. Australia has poor surveillance of its farm antibiotic use. In recent years, UK farmers have voluntarily reduced their usage of antibiotics by 50%.⁸ In contrast, Australia has not published any information on its farm antibiotic use for any year after 2010.

The government’s impact assessment estimates there will be a “reallocation of resources away from agriculture, forestry, and fishing (around -£94 million) and semi-processed foods (around -£225 million)”.⁹ This, at a time when the UK is pursuing agricultural reform, means the UK-Australia FTA could undermine our transition to a more sustainable farming system, as farmers are forced to compete with imports produced to lower animal welfare and environmental standards.

A solution would be to introduce core environmental and animal welfare standards, which would set minimum sustainability thresholds for all agri-food products imported as well as those produced domestically. This would provide a level playing field for food producers in the UK and give the public confidence in the quality and sustainability of the food they buy.¹⁰

Undermining the UK's climate commitments

Most of the commitments in the environment chapter of the UK-Australia FTA are broad and vague, and specific climate targets were removed during the negotiations at the request of Australian negotiators.¹¹ The IAC report highlighted the clear “lack of tie-up of trade policy with the UK's climate objectives” and recommended that the government “establish a firm baseline for future agreements which goes beyond the Australia text”.¹²

The commitment in the agreement to enforce domestic laws is welcome but insufficient as it does not ensure that the laws themselves are improved. The IAC report notes that the agreement is silent on Australia's reliance on coal for example, in contrast to the deal agreed with New Zealand.

The removal of a specific reference to the Paris Agreement's 1.5 degrees temperature goal is disappointing, particularly compared to the UK-EU Trade and Cooperation Agreement which classifies the fight against climate change, including not materially undermining the Paris Agreement, as an essential element.

A strong environment chapter is the minimum the UK should accept in all new trade agreements. Unfortunately, notwithstanding the newly elected government in Canberra, Australia's record on climate action is poor. The Sustainable Development Report 2021 scored Australia last out of 193 countries for action to reduce global greenhouse gas emissions¹³ and during the COP26 conference in Glasgow, Australia did not increase its 2030 climate commitments.

As the UK strives to show global climate leadership as COP26 President, it is surprising that at the same time it has prioritised the Australia deal.

Lack of overarching trade strategy is hampering negotiations

The Australia trade deal highlights the inadequacies of current UK trade policy. Rushing to advance multiple trade deals without a clear strategy raises concerns around the potential implications for the UK's farming industry, British consumers, and our net zero and nature restoration commitments.

Several of the UK's major trade partners – including the US, the EU, and New Zealand – have published trade policies. This gives their negotiators a clear mandate and strengthens their hand in negotiations, as it shows that their red lines are based on domestic support. It also ensures government cohesion on critical policy issues.

In the absence of a clear strategy on trade we are already beginning to see divergence, as reflected in the varying climate commitments agreed under the TCA, Australia, and New Zealand deals. The cumulative effect of future negotiations could seriously undermine domestic commitments to net zero and nature recovery if not underpinned by a trade strategy that sets out how the UK will approach climate and environmental considerations in negotiations.¹⁴

A limited scrutiny process means many questions remain

The remit of the government's independent expert advisors, the Trade and Agriculture Commission (TAC), and the scope of the government's report required under Section 42 of the Agriculture Act 2020, are both incredibly narrow. The TAC also has very limited resources. This has resulted in several outstanding questions left unanswered, such as how far Australia's less stringent regulation of pesticides could give them an unfair competitive advantage over UK producers.

The TAC does not inform or comment on negotiations, and only examines agreements once they are signed. They cannot consider the cumulative impacts of trade deals. They are only tasked to examine “UK levels of statutory protection in relation to UK animal and plant health, animal welfare, and environmental standards.”¹⁵ Human health was notably dropped from the TAC’s remit.¹⁶ The government’s report similarly does not assess the impact of the FTA on the UK’s non statutory provisions. For example, the UK has no statutory provisions on the animal welfare provenance of imported products other than how they are slaughtered.

This is a serious limitation. The government’s report also does not address the potential for the FTA to facilitate increased imports of goods linked with negative environmental impacts, or the reality that testing and equivalence procedures may allow the import of goods which do not meet UK standards.

As the IAC report underscored, the government’s impact assessment cherry-picks its assessment of potential changes in greenhouse gas emissions. It leaves transport related emissions out of the calculations and does not discuss in detail the potential for increased carbon leakage as a result of the deal.¹⁷

Comparing apples and oranges

The TAC advice outlined substantive concerns about Australia’s use of pesticides and genetic modification undermining UK producers. However, the TAC report also conflates statutory protections in the UK with voluntary action elsewhere. The TAC report noted that “the UK’s ‘environmental laws’ apply to all levels of government in the UK, including the devolved jurisdictions. In contrast, Australia’s ‘environmental laws’ are defined as meaning only Commonwealth laws. This is significant, because under Australia’s federal system most environmental legislation is at state and territory level.”¹⁸

The government’s report brushes over this distinction. This sets another concerning precedent, increasing the potential for regression of sub-national environmental protections in the negotiation of future FTAs. The government has not set out whether there will be any monitoring framework to assess state level regression or what actions would be taken in the event of evidence of regression.

Shortcomings in Parliamentary scrutiny and public engagement

Scrutiny is an essential way of involving environmental expertise, businesses, unions, civil society, and members of the public in decision making.¹⁹ However, the public was only formally consulted on the general contours of the deal in 2018, well before the government’s negotiating objectives or any of the detail of the content of the agreement were published.

Communication of the details of negotiations has been poor. Throughout the process, stakeholders found that it was easier to access more information from the Australian government’s website than from the UK’s. Most stakeholders and parliamentarians were also only able to review the details of the deal after it had already been signed.

A group of organisations, including WWF, Green Alliance, Greenpeace, Compassion in World Farming, Sustain, Trade Justice Movement, Soil Association and Tenant Farmers’ Association, have raised that the lack of adequate consultation risks breaching the UK’s international obligations under the Aarhus Convention, which is supposed to ensure public participation in legislation that has environmental impacts.

Parliament only has very limited opportunities to influence negotiations, with no opportunity for a guaranteed debate or a meaningful vote on ratification under the process established by the Constitutional Reform and Governance Act 2010 (CRAG).

The shortcomings of the scrutiny process were highlighted in the ITC's recent report.²⁰ The government has moved at such a pace that the formal scrutiny period was triggered before any of the statutory scrutiny committees had concluded their reports on the deal. This is despite repeated requests for adequate time to complete this process.

Greater parliamentary scrutiny in the formation of trade policy is essential to help ensure FTAs are developed in a way that supports measures to address the climate and nature crisis and aligns with the UK's existing commitments in these areas. The scrutiny process for the Australia deal sets a poor precedent for the scrutiny of future trade deals, many of which will be much more complex and involve many more countries around the negotiating table.

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Endnotes

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- ² International Trade Committee, [UK trade negotiations: Agreement with Australia](#), July 2022 & Environment, Food and Rural Affairs Committee, [Australia FTA: Food and Agriculture](#), June 2022
- ³ Unchecked UK, [A view from the Blue Wall](#), May 2022
- ⁴ Department for International Trade, [UK-Australia free trade agreement: the UK's strategic approach](#), July 2020
- ⁵ WWF, [Riskier Business: The UK's overseas land footprint](#), 2020
- ⁶ PAN UK, Sustain and Dr Emily Lydgate, [Toxic Trade](#), June 2020
- ⁷ [World Animal Protection Index](#), 2020
- ⁸ [Veterinary Antimicrobial Resistance and Sales Surveillance](#)
- ⁹ Department for International Trade, [Impact assessment of the Free Trade Agreement between the United Kingdom of Great Britain and Northern Ireland and Australia](#), December 2021
- ¹⁰ [WWF briefing on the UK's role in building environmental standards for trade and agriculture](#), March 2021
- ¹¹ Sky News, [Australia and UK governments at odds over why key climate targets were stripped out of future trade deal](#), 9 September 2021
- ¹² International Agreements Committee, [Scrutiny of international agreement: UK-Australia free trade agreement](#), June 2022
- ¹³ The Guardian, [Australia ranks last for climate action among UN member countries](#), 1 July 2021
- ¹⁴ Anna Sands, [How can the UK be a credible trading nation without a trade policy](#), June 2021
- ¹⁵ [Trade and Agriculture Commission](#)
- ¹⁶ Trade Act 2021, Part 3, [The Trade and Agriculture Commission](#)
- ¹⁷ International Agreements Committee, [Scrutiny of international agreements: UK-Australia free trade agreement](#), June 2022
- ¹⁸ Trade and Agriculture Commission: [advice to the Secretary of State for International Trade on the UK-Australia Free Trade Agreement](#), April 2022
- ¹⁹ Greener UK & Aldersgate Group, [The importance of trade scrutiny for the environment](#), December 2020
- ²⁰ International Trade Committee, [UK trade negotiations: Scrutiny of Agreement with Australia](#), June 2022



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