UK-Australia FTA

Parliamentary Briefing

**May 2021**

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**Statement on Thursday 17 June**

**See end of briefing for suggested interventions and questions**

**TOP LINES**

* An [**Agreement in Principle**](https://www.gov.uk/government/publications/uk-australia-free-trade-agreement-negotiations-agreement-in-principle/uk-australia-fta-negotiations-agreement-in-principle) for a UK-Australia Free Trade Agreement (FTA) has been reached on 15 June 2021. The deal itself is likely to be published later this year.
* The deal is seen as a stepping stone to joining the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), and could also set a benchmark for the UK’s offer to other trading partners, including the US.
* The UK has made a zero tariff offer to Australia which will enable cheaper food imports from Australia to the UK. This has raised concerns about food produced to lower standards undercutting UK farmers, with implications for health, animal welfare and the environment.
* Lower food standards could be particularly damaging for farmers in devolved regions, including Scotland and Wales, and poorer rural communities across the UK.
* The Government’s own estimates are that the deal will add a negligible 0.01-0.02% to GDP “in the long run”
* MPs have no guaranteed debate or vote on the FTA, and lack the means to hold the Government to account. MPs should push for greater transparency and scrutiny.
* Australia is home to large energy and mining firms, and has lagged behind other advanced economies when it comes to addressing climate change. A deal could put a downward pressure on standards and hinder the UK’s progress towards its climate targets.
* We welcome the Government’s exclusion of Investor-State Dispute Settlement (ISDS) clauses from the deal, as this mechanism has been used by corporations to challenge important environmental, social and public health regulations.

**Background**

Australia is a great ally of the UK’s. However, it is only the UK’s 19th largest trading partner, ranking far behind European partners including Poland, Belgium and Norway.[[1]](#footnote-1) Australia’s geographical distance from the UK means that it is poorly positioned for UK supply chains and manufacturing.

There is a notable disparity between food, environmental and animal welfare standards in Australia and the UK. While the UK is a world leader in sustainable farming and high animal welfare standards, Australian agriculture lags far behind.[[2]](#footnote-2) Australia also falls short on environmental standards and ambitions, and tends not to include environmental chapters in its trade deals.

Despite these considerations, the UK Government has made it a priority to seek an FTA between the UK and Australia. The lack of scrutiny processes in the UK means that MPs have no guaranteed debate or vote on the deal. In this regard, the UK falls behind key trading partners including the US, EU and Japan.

The rest of this briefing is divided into: I. Substantive issues, exploring the key sticking points in negotiations; II. Process, which looks at how the deal is negotiated, assessed and agreed.

**I. SUBSTANTIVE ISSUES**

**1. Food, farming and animal welfare**

The UK’s negotiation objectives, [outlined here](https://www.gov.uk/government/publications/uks-approach-to-negotiating-a-free-trade-agreement-with-australia), fail to give sufficient regard to the disparity between food and animal welfare standards in Australia and the UK. While the UK is a world leader in sustainable farming and high animal welfare standards, Australian agriculture lags behind in a number of areas, including: [[3]](#footnote-3) [[4]](#footnote-4)

* Antibiotics: the use of which is 16 times higher in Australia than in the UK for poultry, 3 times higher for pigs. Additional concerns about and lack of monitoring and transparency.
* Genetically modified organisms: routine use exceeding that in the UK
* Hormone-fed meat: including 40% of beef production
* Food poisoning: recorded instances far higher than in the UK
* Live animal exports: while a ban is being sought in the UK, the practice is common in Australia.
* Feedlots: around 40% of Australian beef comes from feedlots, where animals spend months in intensive conditions, fed largely on grain rather than grazing on pasture.
* Sow crates: these are used for whole of pregnancy in Australia, a practice banned in the UK
* Battery caging of hens: outlawed in the UK, common in Australia.
* Chlorine washed chicken: also banned in the UK.

**2. The environment and climate change**

Australia lags behind the UK in terms of environmental standards and ambitions. While Australia is a signatory of the Paris climate change agreement, there is limited evidence of this translating into tangible targets in domestic legislation, while the UK has set a clear target of net zero carbon emissions by 2050.[[5]](#footnote-5)

Australia’s trade deals tend not to include environmental chapters (unlike the UK’s, originally through EU membership), and its former Prime Minister Tony Abbott, who was recently appointed to the UK Board of Trade, described environmental concerns as “peripheral” to trade deals.[[6]](#footnote-6) Australia is the home of many large energy and mining operations, which have been criticised for their environmental impact.[[7]](#footnote-7)

One particular area of concern is regulatory cooperation. Regulatory cooperation provisions aim to facilitate the alignment of regulations between trade partners through the establishment of councils of trade experts who have the power to scrutinise proposed regulation and suggest amendments. Such councils were proposed in the Transatlantic Trade and Investment Partnership (TTIP) and are present in the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada.

Regulatory cooperation councils are problematic for a number of reasons; (1) they are an undemocratic way of making regulations, since they empower unelected bureaucrats rather than MPs to influence regulations; (2) there is evidence that business groups have a particularly high level of influence over the functioning of these councils, while trade unions, environmental groups and civil society are excluded; and (3) most importantly, alignment of regulations between parties can lead to a mutual diminishing of standards to the lowest common denominator, and present a barrier to the introduction of new regulations. Good regulation is essential for tackling the climate crisis, as well as upholding labour rights, social rights and animal welfare.

We are pleased to see that Investor-State Dispute Settlement (ISDS) provisions have *not* been included in the Agreement in Principle. ISDS empowers foreign investors to sue governments for measures which affect their profits. Australian firms, including mining companies, have used ISDS aggressively against trade partners, leading to lawsuits which cost taxpayers millions and have the potential to ‘chill’ important policy decisions for fear of litigation. ISDS has particularly been used to challenge environmental regulations.[[8]](#footnote-8) It is therefore good that the Government has listened to civil society organisations and excluded ISDS from the UK-Australia FTA.

**3. Public services**

Australia’s trade policy tends to seek liberalisation of public services.[[9]](#footnote-9) This can make it harder for governments to regulate and bring into public control industries which are essential to the economy and social welfare. Trade unions have criticised services chapters of trade agreements for failing to capture the social cost - including on workers as well as recipients of public services - of liberalising public services.[[10]](#footnote-10) The use of negative listing, standstill and ratchet clauses must be avoided to ensure that public services, particularly the NHS, are ring fenced from liberalisation measures.[[11]](#footnote-11)

**4. Digital trade**

Australia and the UK both express strong ambitions on digital trade. These provisions could hasten a UK departure from the EU’s rigorous GDPR system of data protection, and make it harder for the government to regulate technology companies, including through localisation requirements and protection against online harms.[[12]](#footnote-12) TJM has concerns about rushing ahead with strong digital trade provisions, whose effects are underexplored and could increase the power and influence of technology companies at the expense of ordinary people.

**II. PROCESS**

**1. Parliamentary scrutiny**

The government’s outline approach should have been approved by Parliament. Despite criticism from five parliamentary committees, academics and campaigners, the UK is yet to introduce a transparent and democratic process for parliamentary scrutiny of trade agreements. MPs have no say over negotiating objectives, no access to negotiation texts and very little time to read agreements after they have been signed. There is no guaranteed vote prior to ratification, and MPs can only delay trade agreements, not amend or block them.[[13]](#footnote-13) This system differs starkly from processes in other countries, including the EU Parliament and US Congress, and requires urgent reform.[[14]](#footnote-14)

**2. Impact assessment**

Our main concern with regards to DIT’s impact assessment is its scope. The focus of the assessment is on economic impact and the effect of a trade deal on UK price levels and exports. While this is important, it should not be at the expense of taking seriously the potential impact of a trade deal on the environment, social and animal welfare. Ideally, such assessments would be made by an independent body prior to the commencement of negotiations, with an opportunity for MPs to review the assessment and make recommendations based on its conclusions.

Furthermore, DIT’s assessment does not form the product of a particularly thorough or transparent process of civil society consultation. The EU’s Sustainability Impact Assessments, while imperfect, have a wider scope and offer more opportunity for civil society engagement. The US’s processes of business and civil society consultation is also more thorough and open. DIT’s consultation process was criticised by various civil society organisations for its lack of transparency, and a lack of clarity about how recommendations were taken forward to inform the UK’s negotiation objectives.

**Suggested interventions and questions**

*Food and farming:*

* Will the minister reassure the House that a UK-Australia FTA will not allow the import of food produced using practices and standards below those in the UK?
* What assessment has the minister made of the impact of lower standard Australian food imports, including routine use of antibiotics and pesticides, on UK farmers?
* What assessment has the minister made of the fact that 40 per cent of Australian beef comes from feedlots, where animals spend months in intensive conditions, fed largely on grain rather than grazing on pasture?
* What assessment has the minister made of a differential tariff, applied to low-welfare food imports, to ensure that lower standard food imports do not undercut UK farmers?

*Environment and climate change:*

* The government has rightly excluded ISDS mechanisms from the UK-Australia deal. Can the minister assure the House that ISDS will be excluded from future agreements, including the CPTPP and any UK-US trade agreement?
* Will the minister reassure the House that any environmental regulations within the UK-Australia deal will be designed with full transparency, public and civil society participation?
* What assessment has the minister made of the environmental impact of a UK-Australia deal, and will a full environmental impact assessment be published?

*Process:*

* Will the minister reassure the House that there will be a full debate and meaningful vote for MPs on the UK-Australia FTA?
* Will the minister meet with civil society organisations, including farmers’ unions, animal welfare groups, environmental NGOs and trade justice organisations prior to signing a UK-Australia FTA?
* Will the minister publicly share a draft of the UK-Australia trade agreement, and the latest negotiating texts, before *signature* (not just before ratification)?

**For more information or briefing on any of the issues discussed above, please visit the Trade Justice Movement** [**website**](https://www.tjm.org.uk/)**, or contact:**

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1. Office of National Statistics, [Geographical breakdown of the current account, The Pink Book](https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/datasets/9geographicalbreakdownofthecurrentaccountthepinkbook2016), 2016 [↑](#footnote-ref-1)
2. See Sustain, [Trade with Australia, response to Department for International Trade](https://www.sustainweb.org/brexit/trade_negotiations_with_australia/), 2018 [↑](#footnote-ref-2)
3. See Sustain, [Trade with Australia, response to Department for International Trade](https://www.sustainweb.org/brexit/trade_negotiations_with_australia/), 2018 [↑](#footnote-ref-3)
4. Compassion in World Farming, [Trade and Animal Welfare](https://www.ciwf.org.uk/our-campaigns/other-campaigns/trade-and-animal-welfare/), accessed May 2021 [↑](#footnote-ref-4)
5. Climate Council (Australia), ‘[Australia is not on track to meet its Paris climate target](https://www.climatecouncil.org.au/australia-not-on-track-to-meet-climate-targets/?atb=DSA01b&gclid=EAIaIQobChMI17abz7jt6wIVzN_tCh2Q-QDWEAAYASAAEgKNMvD_BwE)’, 2018 [↑](#footnote-ref-5)
6. Guardian, ‘[Fresh controversy over Tony Abbott’s Brexit trade role](https://www.theguardian.com/australia-news/2020/aug/30/fresh-controversy-over-tony-abbotts-brexit-trade-role)’, 30 August 2020 [↑](#footnote-ref-6)
7. Guardian, ‘[Full of holes: why Australia's mining boom will leave permanent scars](https://www.theguardian.com/environment/2016/jul/20/full-holes-australia-mining-boom-permanent-scars)’, 19 July 2016 [↑](#footnote-ref-7)
8. Trade Justice Movement, ‘[Investor-State Dispute Settlement (ISDS) - Briefing](https://docs.google.com/document/d/1H_LV64jGx5CHhYcSM163rLLl2UPBDVOEa3x2vdx9tNs/edit?usp=sharing)’, 2019 [↑](#footnote-ref-8)
9. AFTINET, ‘[Submission to DFAT on the Australia-UK Free Trade Agreement](http://aftinet.org.au/cms/node/1839)’, 2020 [↑](#footnote-ref-9)
10. See, for example, Trade Unions Congress, ‘[TUC position on the Trade in Services Agreement (TiSA)](https://www.tuc.org.uk/research-analysis/reports/tuc-position-trade-services-agreement-tisa)’, 2016 [↑](#footnote-ref-10)
11. Trade Justice Movement, ‘[Protecting the NHS in UK Trade Policy](https://www.tjm.org.uk/resources/briefings/protecting-the-nhs-in-uk-trade-policy)’, 2020 [↑](#footnote-ref-11)
12. See Trade Justice Movement, [‘Digital trade (e-commerce)’](https://www.tjm.org.uk/trade-issues/digital-trade-e-commerce) [↑](#footnote-ref-12)
13. Trade Justice Movement, ‘[Securing Democracy in UK Trade Policy](https://www.tjm.org.uk/resources/briefings/securing-democracy-in-uk-trade-policy)’, 2019 [↑](#footnote-ref-13)
14. Ibid. [↑](#footnote-ref-14)