



Consultation Response

FROM THE RSPCA IN WALES

Economy, Trade and Rural Affairs Committee consultation: UK-Australia Free Trade Agreement February 2022

RSPCA Cymru welcomes the opportunity to respond to the Welsh Parliament's Economy, Trade and Rural Affairs Committee consultation concerning the UK-Australia Free Trade Agreement, and its impact on Wales.

While Free Trade Agreements are negotiated and agreed by the UK Government, they clearly have a sizeable impact on Wales - including on devolved policy areas, including - pertinently - animal welfare.

Therefore, while trade is a reserved matter, the input of devolved administrations and parliaments is clearly important concerning aspects of devolved policy impacted by FTAs - and thus it is welcome that the Welsh Government believes it has a "constructive" relationship with the Department for International Trade and an "opportunity to comment on the mandates in areas of devolved competence"¹.

Since Wales, and the United Kingdom as a whole, voted to leave the European Union in 2016, the RSPCA has been working to seek to seize opportunities associated with Brexit for animal welfare, and to mitigate risks. This follows 25 years of RSPCA work on trade issues - including advising the European Commission on six FTAs that the EU has or is negotiating that include animal welfare elements, namely with Chile, South Korea, Canada, Japan, Mercosur and Mexico.

Given the relatively high domestic standards of animal welfare in Wales, the anticipated negotiation of new FTAs has continued to pose a profound challenge given the prospect of an increase in the importation and availability to consumers of lower welfare produce.

RSPCA Cymru welcomes that the Welsh Government has been responsive to this challenge - regularly highlighting its concern that "any trade deal must not disadvantage Welsh producers or compromise the high quality standards that are so important to us in Wales" and that there is a need "to ensure that our producers are able to continue to compete on a level playing field"².

The signing of this FTA also comes at a very pertinent time for farm animal welfare in Wales - with a new Agriculture (Wales) Bill on the horizon; which is expected to set the framework for how farm payments are made in Wales beyond the country's membership of the EU. RSPCA Cymru has labelled this the biggest opportunity in the history of devolution for farm animal welfare; and hopes the Welsh Government will directly incentivise farmers who deliver the highest welfare standards. While there is a cruel irony that this could come at a time when the UK allows increasing levels of imports onto these shores from countries with lower standards; financially supporting higher welfare producers in Wales could provide important resilience to the sector as this threat to competitiveness emerges.

¹ Welsh Government, Inter-institutional relations agreement between the National Assembly for Wales and the Welsh Government: annual report 2019 to 2020, 2 February 2021

² Welsh Government - [Written Statement: UK-Australia Free Trade Agreement](#), 16 June 2021

It is also hoped both the Welsh Government and Senedd can be a strong voice in highlighting concerns around this FTA, and its impacts on Wales. Indeed, the RSPCA believes this FTA is not a good model for the UK to use when negotiating with other countries, such as India, Canada and Mexico, in the future.

It is important, too, that civic society in Wales works collaboratively to share insights on the specific challenges FTAs pose to devolved areas of policy-making. As such, RSPCA Cymru was very pleased to recently join a new group 'Trade Justice Wales' - which is a pilot project in partnership between the WCVA Brexit Forum, Fair Trade Wales and Wales Governance Centre. This project has great potential to deliver a collective voice where there is agreement between participants; and build knowledge and capacity among participants to promote trade justice - including, we hope, on matters relevant to the welfare of animals.

HOW WILL THIS AGREEMENT IMPACT YOU, YOUR BUSINESS OR YOUR ORGANISATION?

Farm animal welfare is a priority for RSPCA Cymru. Policy in this area has the potential to impact the lives of millions of animals in Wales - with more than 9.5million sheep, 8.5million poultry, 1.1million cattle and 20,000 pigs based in Wales; and ten per cent of the UK's agricultural land being found in this country³.

Central to the RSPCA's mission is to ensure that animals have a good life - and providing advocacy on their behalf; and it is clear that FTAs, including the Australia deal, will have an impact on this objective and on animal welfare standards in Wales and across the UK. While the deal does contain some of the best animal welfare provisions in any FTA to date; and a dedicated animal welfare chapter - crucially it does not set any conditionality or equivalence on imports based on animal welfare standards used in production - which poses a number of risks to Wales.

Crucially, Australia has lower animal welfare standards than Wales. These lower standards include the export sectors of lamb and beef, where proposed tariff reductions within the FTA could lead to a substantial rise of imports of such produce into Wales. Lower standards which are permissible in Australia but presently prohibited in Wales include:

- **Almost double the long distance transport times for animals;** up to 48 hours in Australia without food and water compared to 29 hours and proposed reduction to 21 hours in UK
- **The use of barren feedlots for cattle production;** Feedlots hold cattle in close confinement in yard-type areas. Approximately 40% of Australia's total beef supply is sourced from feedlot animals⁴.
- **Practice of mulesing in sheep production;** a mutilation where farmers remove strips of the sheep's skin located near the buttocks in order to prevent the infection of the animal by specific flies. This is prohibited in Wales and across the UK.
- **Use of hot branding,** which is mandatory in Queensland and Northern Territory. This is prohibited in Wales and across the UK.

The Animal Protection Index gives the UK a 'B' grade for animal welfare, and a 'D' grade for protecting animals used in farming - compared with 'D' and 'E' grades respectively for Australia; which finds there "is limited policy at national level" concerning the rearing of farm animals⁵.

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. Produce reared to such high standards, and even lower legal standards, face being undermined by a surge in lower-welfare imports from Australia as a consequence of this FTA - with increased availability, fuelled by favourable tariffs, potentially undermining domestic farm animal welfare standards,

³ Welsh Government - Statistics for Wales, Farming Facts and Figures, Wales 2020

⁴ Castle Estate - [Feedlot Approach To Farming And Why It Should Stop](#), by Angela Mellak, 15 January 2021

⁵ World Animal Protection - [Animal Protection Index](#)

consumer choice and established ethical norms towards animals. Wales has the highest proportion of free range eggs producers in the UK (89% of laying hens are from free range flocks) so RSPCA standards cover over 80% of eggs produced in Wales - further highlighting the impact of these risks to Wales.

As any trade negotiation will likely impact on Wales' animal welfare standards, the RSPCA clearly has a public policy and commercial role on this issue.

It is important to note that in 2019 - the last calendar year not impacted at least in part by the coronavirus pandemic - Australia only utilised 46% of its then existing beef tariff rate quota (TRQ) and 45% of its lamb TRQ in exporting these products to the UK; and therefore it may not seek to maximise the additional imports allowed under the new FTA; or anything close to this. In 2019, Australia only utilised 46% of its then existing beef TRQ and 45% of its lamb TRQ in exporting these products to the UK - so it is unclear what percentage of lower welfare produce will enter Wales' supply chains. East Asia is already the dominant market for Australia's exports; and thus it is unclear whether there will be any substantial appetite to increase exports to Wales and the wider UK. Nevertheless, it is a concern that this FTA creates a framework where such an eventuality could occur; and sets a dangerous precedent for future trade deals - including other countries who may be more likely to seek to maximise lower welfare meat exports to Wales and the UK as a whole.

WHAT IS THE LIKELY IMPACT OF THE AGREEMENT ON THE ECONOMY AND SPECIFIC SECTORS IN WALES?

RSPCA Cymru is concerned that the FTA will put the agricultural sector in Wales under considerable threat; by endangering the economic viability of higher welfare produce and encouraging increased importation of produce reared to lower Australian standards. Troubling precedents are also set with regards to the negotiation of future FTAs, which could put this sector - which engages some 52,800 in labour on holdings alone⁶ - under further strain; thus demonstrating the potential impact on the wider economy too.

Indeed, conditionality was not set as a red line in the drawing up of the FTA with Australia; meaning there are no guarantees around the equivalency of standards for products being imported into Wales from Australia.

Production methods with higher animal welfare standards obviously tend to carry more cost than those from more intensive or less-welfare friendly systems. The increased availability of lower welfare imports risks the economic viability of produce reared to higher domestic standards in Wales - and the impacts could be felt by the whole economy in Wales.

Indeed, the tariff rate quotas permitted by the UK-Australia FTA would allow Australia to increase its beef exports by 60-fold, or 6,000%, to the UK to 35,000 tonnes and its lamb exports by four fold, or 400%, 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 standards. As outlined above, animal welfare standards for both sheep and lamb production in Australia are far lower than those in Wales; meaning the lack of conditionality would, for example, mean no safeguard that lamb from mulesed sheep will be permitted to enter Wales, given the new tariff arrangements proposed by the FTA.

RSPCA Cymru urges the UK Government to ensure that core standards for animal welfare - comparable with high domestic standards in existence in Wales - are drawn up; and that any reduction in tariffs is only given to products matching these high standards; and hopes the Welsh Government and, at a Senedd level, the Economy, Trade and Rural Affairs Committee will act as a strong voice for this request.

Precise economic consequences are difficult to assess and may not be possible to assess for many years. However, beyond the specific impacts of the Australia FTA, RSPCA Cymru is also concerned that the terms

⁶ Welsh Government - Statistics for Wales, Farming Facts and Figures, Wales 2021

set a worrying precedent for future FTAs that could have a more sizable impact on the agricultural sector; notably countries who may be more inclined to dramatically increase exports to the UK.

WHAT ARE THE LIKELY SOCIAL AND ENVIRONMENTAL IMPACTS OF THE AGREEMENT?

The FTA poses profound environmental challenges for the future of food production in Wales as it could allow the importation of agricultural products produced by methods that will increase, rather than mitigate, climate change. As well as potentially intensifying the production of food via high-emission methods, the emissions involved in transporting food between the two signatories will also inevitably contribute to the agreement's negative environmental impact. Not only does importing lower-welfare products from countries such as Australia have implications for animal welfare, but it also undermines the Welsh Government's commitment to reach net zero emissions by 2050 by potentially contributing significantly to Wales' global ecological and climate change footprint. There are also questions with regard to how this agreement could affect the Well-being of Future Generations (Wales) Act 2015 goal for a 'globally responsible Wales' and the effort that has already been made in ensuring that sustainability starts at home in Wales.

Along with other members of the Trade Animal Welfare Committee (TAWC), the RSPCA is concerned that this agreement also contradicts the UK Government's ambitions on climate change, as well as the Welsh Government's, with the latter having established a new dedicated climate change ministry just last year. The current agreement between the UK and Australia currently lacks any binding provisions on climate change, which is concerning given the typical enforceability of trade agreements.

The RSPCA is concerned that this agreement will require more ruminant meat production in Australia, with the greenhouse gases produced from beef farming such as methane, nitrous oxide and carbon dioxide, all having the potential to contribute to climate change. The beef sector in Australia has also been linked to deforestation, which could worsen in the years to come if Australian farmers require more land to meet higher demand for their produce as a result of this agreement. The FTA does not contain any detailed commitment to the Paris Agreement, merely affirming countries' commitments to combat climate change rather than setting specific targets for both countries to meet. Concerningly, the Australian Government successfully removed such specific targets from the FTA⁷, which indicates that mitigating climate change is not necessarily a priority within this agreement, in contrast to it being a key priority for the Welsh Government.

With regards to its environmental impact in Wales, RSPCA Cymru is concerned that the agreement contradicts the Welsh Government's future plans to create a Sustainable Farming Scheme (SFS), that will reward farmers for their environmental contributions. The agreement could lead to Welsh farmers who make significant efforts to mitigate climate change feeling demoralised as their products will inevitably be required to compete with those that may have been produced using methods that increase climate change, which could be deemed as unfair given the higher costs involved in the production of sustainable food vs unsustainable food. Welsh farmers may struggle to commit to additional efforts to mitigate climate change, if they find themselves needing to intensify their production of food to compete with cheaper, low-welfare imports, which could mean that they do not reap the full benefits of the SFS as intended.

Strongly incentivising the domestic production of higher-welfare products with a lower carbon-footprint and positive environmental impact via the SFS could, however, help support current and future marketing and trade opportunities in Wales and ensure that Welsh produce is able to remain competitive, both financially and from an animal welfare perspective, environmentally sustainable; and resilient to the challenging conditions and competition the Australia FTA may enable.

Like animal welfare, the FTA does include a chapter focussed on environmental issues. This is subject to a Dispute Resolution Mechanism, including requesting a panel - unlike the animal welfare chapter. This allows

⁷ ABC News - [Australia won't allow UN climate goals in UK free trade deal](#), 9 September 2021

measures relating to the environmental provisions to be put to the Ministers and if not resolved establish a panel. It is unclear whether the panel's determinations may result in sanctions such as the temporary suspension of concessions or compensations to the injured party. An Environment Working Group established under the FTA can also hear representations from civil society, which unfortunately the Animal Welfare Working Group can not.

In terms of social implications, the RSPCA is concerned that the FTA is contrary to society's wishes on animal welfare. Indeed, allowing the importation of lower welfare food is a policy decision clearly at odds with public opinion. Polling for RSPCA Cymru has found 80 percent of adults say that animal welfare standards are important in their purchasing decisions⁸; while 62 per cent of the British public do not feel animal welfare receives adequate importance in UK food policy⁹; while 72 per cent would pay more for products from animal welfare-friendly production systems¹⁰. Additionally, 82 percent of people support farmers receiving subsidies to support animal welfare¹¹.

WHAT ARE THE LIKELY IMPACTS OF THE AGREEMENT'S PROVISIONS ON TRADE IN AGRICULTURAL PRODUCTS ON THE AGRICULTURAL AND FOOD SECTOR IN WALES?

As noted, Australia has lower animal welfare standards than Wales in many sectors such as eggs, pigmeat production and chicken but - most crucially - in the two sensitive export sectors of lamb and beef where tariff reductions starting in 2022 could mean substantial rises in the import 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 production, the practice of mulesing in sheep production including for cross breeds used in the lamb industry and the use of hot branding - all of which are prohibited in Wales and the wider UK.

Mutual zero tariff market access for agricultural products has been a persistent talking point of FTA negotiation and the RSPCA believes that any reduction in tariffs should only be given to products produced to UK/Welsh standards. The largely unrestricted importation of lower-welfare produce from Australia will inevitably lead to higher competition between imported and domestic produce and it is imperative that Welsh farmers are not required to cut costs and sacrifice the welfare of their animals in order to compete with cheaper imports.

As Wales has higher legal animal welfare standards than Australia, there are cost differences in production methods, primarily due to increased costs in labour, land and feed in the UK. Production methods with higher animal welfare standards tend to be more costly to produce a product than those from more intensive systems, with this typically resulting in higher purchasing costs for the consumer. The rise in cheaper imports as a result of this agreement could place higher-welfare domestic produce at a disadvantage, much to the concern of the RSPCA.

However, the standalone animal welfare chapter sends an important statement - and contains non regression language on animal welfare standards; which the RSPCA warmly welcomes. The chapter also highlights that any imports must comply with our existing Sanitary and Phytosanitary measures and requirements; meaning 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 or injected with ractopamine will continue; negating a clear concern from the animal welfare lobby when negotiations for this FTA were first being mooted. We hope the Committee welcomes the inclusion of an Animal Welfare Chapter and urges this to be the basis of a model for future FTAs; and welcomes that these products will not be entering Wales.

⁸ YouGov Plc. Total sample size was 1,001 Welsh adults (aged 18+). Fieldwork was undertaken between 4th - 8th September 2014. The survey was carried out online. The figures have been weighted and are representative of all Welsh adults (aged 18+).

⁹ European Commission, 2005. Eurobarometer – Attitudes of consumers towards the welfare of farmed animals Q12.

¹⁰ European Commission, 2016. Attitudes of Europeans towards animal welfare. Special Eurobarometer 442

¹¹ RSPCA Report - Into the fold: Targeted financial support to improve farm animal welfare

With regard to the trade of agricultural produce, it could be said that the FTA benefits Australia more than it does the UK/Wales as Australia already has zero tariffs on most of its agrifood imports. With the FTA giving Australia the opportunity to export more beef and lamb without equivalence to UK animal welfare standards, this clearly benefits Australia while providing little benefit in return to the UK/Wales. While this is on the provision that Australia fills its lamb and beef TRQs, the agreement could still result in large amounts of meat in the Welsh market not produced to Welsh standards. If fulfilled, the TRQs in Year One of the Agreement would allow Australia to increase its beef exports by 60 fold to the UK to 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 fulfil the UK Government's legislative commitment to import meat slaughtered to UK standards.

Concerningly, there has been little economic analysis on the impact beef and sheep imports will bring to the beef and sheep industry in the UK/Wales as of yet. This may be partly because it is currently unclear how much of the TRQs Australia will fill but different scenarios could have been taken into consideration by the UK Government. While the UK has stated it expects, if Australia fills its TRQs on beef, that these could replace some of the imports from the Republic of Ireland, there is no modelling to show this or indeed why replacing beef from pasture fed cattle in Ireland with beef from zero grazed feedlot cattle in Australia is beneficial to the environment or animal welfare.

As already explored, the economic consequences of the agreement are difficult to assess and Australia, while having the potential to significantly increase trade in lower welfare products, did not utilise all of its beef or lamb TRQs in 2019. Indeed, 99% of Australia's beef is currently exported to other countries, mainly in East Asia. While it is difficult to assess, unless there is a market collapse in that region, why that trade would be diverted to the UK, it is important to remember that this FTA has no expiry date and that TRQs for beef and sheep expand over a 15 year period. It could be expected that Australia will not fill its TRQ in 2022 as there is currently 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, although this could change in the near future and the agreement unfortunately provides no mitigations against any such change in market activity.

As it stands, the UK imports around 57 percent 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 and it is not clear if Australia will use the full TRQ that has been given to them. In addition, lamb is typically a cross seasonality trade, exported to the UK when lamb is not being produced domestically, so imports will not necessarily result in direct competition. It is however a poor model for future FTAs, given the lack of conditionality in this agreement. While the impact of this agreement on UK farming is untested, it undoubtedly sets a precedent for future negotiations with countries such as Canada and India who will want the same model for their beef, lamb' eggs, chicken meat and pigmeat which will inevitably undermine Welsh farmers.

It could be said that the FTA delivers less for devolved nations such as Wales on agrifood as the Welsh Government has little formal say in trade negotiations, with trade being a reserved issue, but still set the rules and subsidies they give for farmers with agriculture and animal welfare being devolved. Any impact that could be felt in countries with significant lamb production, such as Wales, will depend on how much of the TRQs Australia is able to fill. While it is not clear if Australia will use the increased TRQs to export small amounts of high value meat or large amounts of low quality produce, either way the impact on beef and lamb production in the UK's devolved nations is increased but unlikely to be seen for some years. Under the UK Internal Markets Act 2020, any imports of food produced in other countries has to be allowed to be sold in the devolved nations, which leaves Wales with little room to act on low-standard Australian imports.

WHAT SUPPORT WILL YOUR BUSINESS OR ORGANISATION NEED FROM THE WELSH AND UK GOVERNMENTS TO RESPOND TO AND PREPARE FOR THE IMPLEMENTATION OF THE AGREEMENT?

As noted, as any trade negotiation will impact on the UK's animal welfare standards, the RSPCA has a public policy and commercial role on this issue. With the agreement potentially pressuring farmers into lowering more costly, higher standards in order to compete with cheaper produce from Australia, it is imperative that the UK and Welsh Governments ensure that Wales' high animal welfare standards do not become a casualty of this FTA. In order to ensure that animal welfare standards are adhered to, it is vital that farmers are given the financial support needed to sustainably produce higher-welfare products via the incoming Sustainable Farming Scheme, with the UK Government also having an important role to play by ensuring that sufficient finances are allocated to Wales to enable the success of such a scheme. Such support will - it is hoped - make the agricultural sector in Wales more resilient to changes imposed by this FTA; and motivate the agricultural community to continue to rear animals to the highest welfare standards; rather than risk a 'race to the bottom' with an acceleration of lower welfare alternatives from abroad.

As well as posing significant threats to animal welfare, the agreement also potentially threatens the profitability and viability of through our own farm assurance and food labelling scheme - RSPCA Assured. Covering the producer, haulier and abattoir, the scheme is unique in its dedication to farm animal welfare and has gone from strength to strength since its launch in 1994. RSPCA Assured products are sold in many of the UK's biggest supermarkets, including Tesco, Sainsbury's, Lidl, Aldi and Marks & Spencers, as well as by other major high-street chains, such as McDonalds, Wetherspoons and Frankie and Benny's. 61% of consumers now recognise the RSPCA Assured logo on produce and have safeguards about the treatment of the animals reared from birth to slaughter¹². RSPCA Assured contributed approximately £200,000 to our wider work in 2020¹³, with parts of this revenue potentially at risk as a result of this agreement.

As it stands, many consumers seek higher welfare and locally sourced options, with ethically sourced and environmentally-friendly produce an increasingly desirable marketing tool for many companies. However, unclear or absent labels cause confusion and make it difficult for consumers to make adequately informed decisions, or make purchases in line with their intentions, with inadequate labelling also hindering the sale of higher welfare and locally sourced products and therefore unfairly disadvantaging the farmers producing them. This will only exemplify as a consequence of this FTA.

Consumers have repeatedly stated that they do not want to see products produced to lower than UK standards. As such, strengthening statutory requirements on food labelling and including the requirement of 'method of production' labelling for all meat, fish and dairy products, as well as more information with regard to where the products originate from, would give renewed confidence and assurance to consumers and producers. This would also ensure that unlabelled lower-welfare imports are not deemed more attractive to the consumer because they are lower in cost, at a time when food bills are expected to rise against the backdrop of the rising costs of living. With RSPCA Assured products having to compete with a potential increase in lower-welfare imports from Australia in the near future, we urge the UK and Welsh Government to introduce clear labelling on all products imported from Australia and other countries to give consumers knowledge of where their food originates from, as well as methods of production.

¹² YouGov - [Do Britons know what food quality labels mean?](#), January 19 2022

¹³ RSPCA - [Trustees' report and accounts 2020](#)