

WLGA

Response to the Senedd Economy, Trade and Rural Affairs Committee Inquiry into the UK-Australia Free Trade Agreement

Welsh Local Government Association - The Voice of Welsh Councils

We are The Welsh Local Government Association (WLGA); a politically led cross party organisation that seeks to give local government a strong voice at a national level. We represent the interests of local government and promote local democracy in Wales. The 22 councils in Wales are our members and the 3 fire and rescue authorities and 3 national park authorities are associate members.

We believe that the ideas that change people's lives, happen locally

Communities are at their best when they feel connected to their council through local democracy. By championing, facilitating, and achieving these connections, we can build a vibrant local democracy that allows communities to thrive.

Our ultimate goal is to promote, protect, support and develop democratic local government and the interests of councils in Wales.

We'll achieve our vision by

- Promoting the role and prominence of councillors and council leaders
- Ensuring maximum local discretion in legislation or statutory guidance
- Championing and securing long-term and sustainable funding for councils
- Promoting sector-led improvement
- Encouraging a vibrant local democracy, promoting greater diversity
- Supporting councils to effectively manage their workforce.

Introduction

1. This response has been developed with input from the 9 Rural Local Authority Members of the WLGA's Rural Forum. The Forum brings together Elected Leaders and Senior Officers from the 9 Rural Local Authorities to consider the challenges and opportunities of providing services in rural areas. It also plays a key role in considering the impact of national legislation, policies and funding programmes on rural areas, both UK and Welsh Governments, and seeks to lobby both Governments for a more favourable outcome for rural communities from national interventions.
2. To inform its lobbying activities, the Rural Forum published a Manifesto for Rural Wales with Key Asks and a Vision for Rural Wales document, in January 2021. The work was informed by a comprehensive Evidence Report, also published. All documents are available on the WLGA's website via the following link:
[WLGA Rural Wales Manifesto - WLGA](#)
3. The WLGA recognises the vitally important role the agricultural industry plays within the rural economy and in sustaining rural communities, including the role



of small family farms in maintaining the Welsh language and managing the rural landscape. The WLGA supports agricultural policies that safeguard an economically resilient industry, producing affordable food to high standards of environmental management and animal welfare. The WLGA Rural Forum continue to lobby as appropriate on all those matters.

4. We welcome the opportunity to provide local government's views on the UK-Australia Free Trade Agreement (FTA) and its likely impact on Wales. We look forward to the committee's consideration of this, and other new and emerging trade deals, as the economic, environmental and social impact and reality of life outside the EU single market and customs union become clearer.
5. We are of the view that, as free trade agreements overlap devolved competencies, economic development, environmental standards and support for agriculture and rural development in particular, the UK Government should have more meaningful engagement with the Devolved Governments in their development. We welcome the House of Commons Welsh Affairs Committee's recommendation that the Welsh Government should have access to draft treaty text prior to publication to enable them to provide feedback on impact of any agreement on Wales.
6. We also agree with the House of Commons Welsh Affairs Committee that the UK Government should publish a Wales specific impact assessment of all emerging and future free trade agreements in order to ascertain the full impact on the Welsh Economy.

Background

7. The UK's exit from the European Union (EU) represents the most significant challenge for rural communities across Wales in generations.
8. The loss of membership of the EU's Single Market, with its free movement of goods, services and people, is a major challenge for rural communities. It has resulted in the end of frictionless trade (due to non-tariff barriers), and the loss of migrant workers from across the EU. These are proving to be major challenges for both the supply of goods and workers across key sectors of the Rural Economy across Wales.
9. It remains to be seen whether any new trade deals (which are generally on a far smaller scale) can compensate for the unique access businesses across rural Wales benefited from previously, when the UK was in a single market with our closest and largest trading partner.
10. There are major concerns that future free trade agreements will, over time, prove to be detrimental to farmers in Wales with the potential for imports of goods from countries with lower quality products and lower standards in terms of animal health, environmental controls and labour conditions making it very challenging for farmers in Wales to compete.
11. We share the grave concerns expressed by farming unions that the trade agreements the UK Government has agreed to date undermine UK farming and food security in return for negligible benefits to the economy.



Question 1: How will this Agreement impact you, your business or your organisation?

12. The UK-Australia FTA will have a detrimental impact on rural communities across Wales as it places Welsh farmers at a disadvantage by enabling cheaper products, with lower environmental standards, to enter into the UK market. By failing to protect, or create a level playing field for Welsh farmers, this FTA could have a devastating impact on rural communities across Wales.
13. Farmers will have less money to spend in their communities, this will have a knock-on effect on local supply chains and local businesses, leading to less money circulating within local economies across Wales. Coupled with the loss of support from the EU Common Agriculture Policy, and the move away from supporting farmers for food production, this FTA, and similar ones to follow, represent a serious challenge to the future viability of rural communities.
14. From a local authority perspective, selective outmigration from rural areas is already creating strains on service provision. Any further decline in these communities would put further pressure on services. It could put local schools at risk, add to demand on already over-stretched social services and increase the cost per head of provision in remote rural areas losing population. Any failure and closure of farms would impact on the environmental upkeep and appearance of rural communities which, in turn, could reduce their attractiveness for important, tourist-dependent economic activity.
15. As noted above and below, the important social role played by farmers in their communities could also be lost over time. That would leave a void (e.g. activities for young people) that would increase pressure on local government to step in or, if that is not possible, could see an increase in anti-social behaviour.

Question 2: What is the likely impact of the agreement on the economy and specific sectors in Wales?

16. The UK Government's own figures and projections demonstrate that the degree to which the agreement delivers UK interests is negligible, and that the deal is damaging to the UK's agricultural sector. For example, those figures estimate the agreement will increase UK GDP by 0.08% in the long term (by 2035), leading to a long-term increase in UK wages of 0.1%, or around 60p a week, based on 2019 figures.
17. This compares with the Office for Budget Responsibility estimate that the recently implemented changes to UK-EU trading arrangements will lead to UK GDP being 4% lower than it would otherwise have been - meaning 50 trade deals similar to that with Australia would be needed to make up for such a reduction.
18. The agreement is estimated to increase Australia's GDP by the equivalent of around £1.6 billion when compared to its 2019 level - a benefit to Australia that



is 80% higher than the estimated (equivalent, based on 2019 figures) increase in UK's GDP.

19. However, such quantitative comparisons of the impact on GDP tell only part of the story. It is the wider, qualitative impact of the deals, as outlined above, that present the greatest risks to the quality of life in rural areas. The decline in social, environmental and cultural quality also need to be taken into consideration. These have real value in an economic sense too, but are more difficult to quantify and are, in many ways, priceless.
20. The biggest negative impact of this agreement as far as agriculture is concerned will be on the beef and lamb sectors, putting at risk the reputation of the red meat industry in Wales as providers of high quality produce, produced to high environmental standards.

Question 3: What are the likely social and environmental impacts of the Agreement?

21. Flowing from the points made above in relation to the social and environmental impacts of the agreement, the agreement will have a negative impact on the wider social and cultural fabric of rural communities across Wales.
22. Family farms are the backbone of rural communities across Wales. They contribute significantly to their local economies and play a vital role in sustaining the Welsh language, culture and heritage across Rural Wales. Research has shown that the proportion of Welsh speakers in the farming industry is 43%, a figure which is more than twice the level of Welsh speakers in the population as a whole (19%). There is therefore an undeniable connection between the future of Welsh farming and the future of the Welsh language.
23. Family farms sustain the vibrancy of rural communities, with young and old family members playing an active part in their wider communities, from young farmers organisations to numerous societies, choirs and activities such as volunteering, providing a key supporting network and sustaining key services.
24. Making it easier to import food from countries across the other side of the globe, to the detriment of both domestic and neighbouring countries in the EU, is contrary to the Wales Future Generations Act and Net Zero ambition. Increasing reliance on food imports at such a volatile time in terms of energy costs and food security also contradicts the need for more localised food production and supply chains, the importance of which is more evident than ever before as a result of the COVID-19 crisis and the need to safeguard resilient communities in the face of increasing climate change.



Question 4: What are the likely impacts of the Agreement's provisions on trade in agricultural products on the agricultural and food sector in Wales?

25. By making it easier for cheap food products to enter the UK market from Australia, over time the agreement will have a detrimental impact on agricultural products in Wales, red meat in particular. Lower priced products from Australia and other FTA countries may appear superficially attractive for consumers. However, by undercutting domestic producers operating with a higher cost base, sales are likely to be affected putting pressure on the agricultural and food sector in Wales. This ultimately could result in farms becoming unviable and closing. That would represent a loss of years of knowledge, skills and understanding of the land and local environment that would be irreplaceable. It could also seriously undermine future food security at a time when we should be building resilience,

Question 5: 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?

26. As this agreement will have such a detrimental impact on Welsh farmers, and the rural communities they provide such a lifeline for, it will be vital that adequate support will be available via the new Sustainable Farm Scheme in Wales for farmers to continue to produce food.
27. The Welsh Government should recognise food security, food safety and maintenance of high animal health and welfare standards as key 'public goods' as part of the future farm support scheme.
28. The scheme must recognise the key role of farmers in food production and food security and the vital role that they play in supporting local supply chains. Farmers across Wales are already operating and producing products in a sustainable way and are already contributing to the decarbonisation agenda. They are also fully committed to playing their part in meeting the Net Zero targets.