

## Transcript: Live Evidence Session on Extraordinary UK-Australia Trade Deal

10.00am-12.00pm

1st July 2021

[CLOSED Session, 10.00am-12.00pm \[120 MINS\] - Commissioners Only](#)

**Chaired by Caroline Lucas MP**

### In attendance:

- **Members of the Commission:** Caroline Lucas MP (Chair); Sir Roger Gale MP; Liz Saville Roberts MP; Hilary Benn MP; Sir Roger Gale MP; Paul Blomfield MP; Dr Philippa Whitford MP; Paul Girvan MP; Dr Geoff Mackey; Tamara Cincik; Dr Stephen Farry MP; Dr Philippa Whitford MP; Andrew Ballheimer; Layla Moran MP; Aodhan Connolly; Professor Shearer West;
- **Expert Advisor to the Commission:** David Henig.
- **Attendees from the Secretariat (Best for Britain):** Naomi Smith; Flo Hutchings; Julia Meadon; Paul Haydon; Laura Savage; Jake Verity; Lauren Tavriger.

**Apologies:** Professor Alan Winters; Dame Rosemary Squire; Peter Norris; Claire Hanna MP; Alison Williams

### **Caroline Lucas MP**

... of the UK Trade and Business Commission which is going to be focusing on the UK-Australia trade deal. My name is Caroline Lucas MP and I've been asked to chair this session which I'm very pleased to do. And we're going to have five witnesses with us today who will be giving evidence and the first thing to do really is to simply invite each of you to give us just a minute's worth of overview if you might in terms of the background that you're coming from. I will start, if that's alright please, with Dmitry Grozoubinski.

### **Dmitry Grozoubinski**

Hi, thanks so much for having me Caroline. My name is Dmitry Grozoubinski, I was a former Australian trade negotiator, I currently run a trade consultancy called Explain Trade and one of the things I've done through that consultancy is provided training on the trade policy and negotiations to a lot of UK civil servants and civil servants from around the devolved administrations, so in some ways I have a horse on both sides of this race and I'm happy to help in any way I can. Thanks so much.

### **Caroline Lucas MP**

Lovely thank you so much, and Séan.

**Séan Rickard**

Morning, Séan Rickard, I was formerly Chief Economist with the National Farmers' Union between 1987 and 1995. I then left to become an academic and became Director of the Cranfield School of Management. Meanwhile I was a Government academic advisor on agriculture and rural affairs and I am now retired to run my own consultancy which advises on really agri-food matters.

**Caroline Lucas MP**

Lovely, thank you so much. And David Bowles.

**David Bowles**

Thanks Caroline, and thank you very much for inviting the RSPCA to this. I'm David Bowles, I head up the RSPCA's public affairs and campaigns work, I've been working on WTO issues for 25 years, I attended many WTO ministerials and also we work obviously closely with RSPCA Australia which has given us an insight from both sides on the Australia deal. Thank you.

**Caroline Lucas MP**

Thanks so much. Jilly.

**Jilly Greed**

Good morning, and thank you very much for the opportunity to speak to this Commission. I'm a farmer, I'm a suckler beef producer, an arable farmer in Devon, farming in partnership with my husband and son. We are regenerative farmers so we're not ploughing and we're very much embracing the preservation of soil and producing grass based beef as well. I'm a co-founder of Ladies in Beef and I'm also part of a new initiative called the Suckler Beef Producers Association, and the suckler beef sector is the largest supplier of prime beef in the UK and it is one of the most vulnerable sectors that's going to be hit by these trade deals. Thank you.

**Caroline Lucas MP**

Lovely, great to have you with us, thank you very much. And finally, Philip.

**Philip Stocker**

Thank you very much and again thank you very much for inviting me to take part this morning, my name's Philip Stocker and I'm the Chief Executive of the National Sheep Association. We're a membership organisation for sheep farmers across the UK. I'm a farmer by trade and by training and I'm still a small-scale sheep keeper now and most of my

time is leading the work of the National Sheep Association. I'm also a Director of a company called British Heritage Sheep which is trying to build on the uniqueness of the heritage, the breeds and the landscapes behind much of our sheep farming here in the UK as well, so thank you very much.

### **Caroline Lucas MP**

Thanks so much, thanks to all of our witnesses. OK so I shall ask the first couple of questions just to kick us off and to get us under way questions really are probably for Dmitry and Séan in the first instance, but I just wondered if you could summarise what we know about the Australia deal so far and also when you're telling us that, could you also tell us when are we likely to know more, what is still left to be agreed and what are the negotiators kind of doing right now. So if I can come to Dmitry first with that please?

### **Dmitry Grozoubski**

Thank you Caroline, I'll try to be as brief as I can which won't be hard because we don't know that much. What we have so far is an agreement in principle, this is something negotiators use when there are high level political disagreements about what should be in a free trade agreement and there's a big summit or event coming up where there is a chance to potentially resolve them without having the details done first. So what we know is that the two sides have committed to eliminating tariffs on everything except long grain rice, that they have agreed to effectively do it virtually immediately upon entry into force, the UK has said that it will phase out some of its tariffs but from the numbers we've seen they plan to do so so quickly it's effectively an elimination of tariffs right from the start. We've heard that in exchange Australia will eliminate its own tariffs of which it doesn't have many but it will get rid of the ones that it does have and so far we've had little titbits of what else is in the deal, such as some improved processes and recognition for certain types of UK professionals and making it slightly, expanding and making it slightly easier for young people from the United Kingdom to work in Australia for a few years without having to for example work on a rural property as was the case before in your second year. So those are the details we have.

What negotiators are doing at the moment is basically taking that high level landing zone agreed by the Ministers who have said this is where we want to land, and negotiating both how to capture that in legal text, in a way that works for both sides, and kind of filling in all of the gaps everywhere else on all of the issues that don't quite rise to that level of political do A or do B. It's a big agreement and covers lots of things so they're kind of filling in all of those other gaps through a series of negotiations.

### **Caroline Lucas MP**

Lovely, thank you very much. And to Séan.

### **Séan Rickard**

I don't think I can add very much by way of detail to what you've just been told. I'll just make two observations. One is it's really incorrect to look at what this deal might mean in the next

year or two, nothing really, no one can gear up to export that quickly, it takes time to breed animals and prepare other things. What one should really be doing is asking where will we be in ten, 15 years' time and as my second point is of course there will be no trade deal unless of course access is given to a country like Australia on agricultural matters because it's so important to that country, so what I think I can say without fear of contradiction is that whatever details are hammered out in the next few months all other factors remaining equal there will be much greater imports of beef and sheep from Australia in about ten years' time if not before.

### **Caroline Lucas MP**

Thanks so much, that's really helpful and actually that leads very neatly into my second question which I was going to put to Philip in the first instance and then to Jilly which is what is the expected impact of increased Australian food imports on UK farmers.

### **Philip Stocker**

Thank you Caroline, I think, I mean the expected impact is depression of prices really, it's more pressure on prices. We know that Australia are highly efficient, they are the largest global exporter of sheep meat and it's an area they specialise in. They will compete on price, they won't compete on quality of environmental standards or animal welfare standards but they will compete on price and you know we know that any increased volume of a product coming onto our market that puts downward pressure on prices will affect the entire market over time. I think Séan is absolutely right though this isn't necessarily something that's going to affect us this year or next year but in ten years' time I think we can expect much bigger volumes coming in. And I'd also say that this is really concerning because it's likely to happen at time when the basic payment is being taken away from farmers and one of the strategies of farmers in terms of being more productive is about raising their income, their return from the products that they sell. So price pressure at a time when we're going through that transition and that change and volatility is really unhelpful.

### **Caroline Lucas MP**

Thank you and if I can come to Jilly next.

### **Jilly Greed**

OK, I just think this is an absolute betrayal and our prized food market and in a particular sector as well which is the food service and hospitality when most of this tonnage will come in, as well as some ready meals and retail probably will be nervous about taking it, this is like Christmas all over for Australia and then stacking up behind are the other big exporters. So Australia is the second largest in the world and following behind will be New Zealand as we know and negotiations already started, Brazil and the States. And currently there's about 3700 tonnes of Australian product coming into this country and the agreement is eight times that, so as soon as this is signed, and Séan is right it'll take time to gear up, but we know that actually Australia has this capacity to do that and that they're improving and making investment in their packing houses. But then you'll increase to 45 times that amount, to

170,000 in 15 years' time. The current amount of imported product is about 240,000 which we are only 65% self-sufficient but it will have an impact without doubt and it will have an impact.

And now I'll come onto carcass balance because it is about these prime cuts. 75% of product that comes from Australia is frozen, 25% is fresh and it either is bone in, so it actually has the bone as part of that carcass in those cuts, or it's taken out. And it's those cut quotas that actually are so critical as well as seasonality about when they come into our market that really need to be thought through carefully and I just don't get the feeling that there has been much collaboration, communication, discussion, what are the impacts. Has there been an impact assessment? I don't think so. And then we come onto the standards, and I know that this will probably be discussed in more depth but actually the way we produce our grass based beef here is incomparable to actually the scale of Australia, you know you take the scale, it's a brutal climate, there are breed, bos indicus breeds in the tropical areas. Now we see the same Angus and Hereford and grass based systems, they produce some fine quality animals, but we need to have the assurance of those animal welfare standards, the environmental standards and the net zero because we are very rapidly moving in this country to net zero by 2040, we will do that sooner on this farm because we're regenerative and carbon sequestration, but you have to have like for like equivalents I think in farm assurance, and as we know we have Red Tractor standards, we have some of the highest levels of animal welfare and consumer protection as well because that's audited all the way through from the field right the way to the fork. And country of origin as well. So just to give you a flavour of how that might work.

### **Caroline Lucas MP**

Thank you very much. I was just going to hand over to Paul Blomfield because in fact you've just begun to get into the issues he's going to be asking about so if you've got more to say I'm sure you can in response to Paul's question, but let me pass the floor to you Paul.

### **Paul Blomfield MP**

OK thanks very much Caroline and indeed I do want to follow up on that issue because in a sense the question of standards that Jilly has touched on is at the heart of a lot of this discussion and I wonder if she and also Philip could say a little bit more about how UK food regulations compare with those of Australia in relation to food safety, animal welfare and as Jilly has touched on climate change, because I've heard some of the concerns be brushed aside by spokespeople for the Australian farming industry so your perspective would be very valuable. Perhaps Jilly if you could start and then I can bring Philip in.

### **Jilly Greed**

OK well I can only really speak probably from Farm Assurance and Red Tractor Assurance and this is a farmer and industry owned assurance scheme and it's really important because it's an independent inspection that takes place on our farm every year on both arable and our grass beef enterprise and it's really detailed, I mean the record keeping, but also you have to show, demonstrate in practice, so it goes right down to kind of antibiotic use, which in a suckler beef system is pretty much minimal or zero. And antibiotic use as you know is a big

issue globally as indeed hormone beef as well, and just on that subject you know hormone beef, Australia has 40% production in hormone beef and so they insert a pellet under the ear in that animal and that accelerates growth by anything up to 30% and clearly in this trade deal and in currently European EU law, hormone beef is not accepted into this country, we'll probably come onto this a bit later on.

In our system just in terms of scale and size and our inspection, and I think this is quite important, you know Australia has eight out of ten of the largest ranches, cattle ranches, in the world and indeed the biggest cattle ranch is 5.6 million acres, sorry acres that's right, 5.6 million acres. Our farm is 600 acres, so you can see the enormity of the scale. And we're working in systems that actually really by virtue of the way in which they're grazed, mob grazed, paddock grazed, moving to fresh grass every day and the minimal use of the antibiotics, is part of the very fabric of beef production. We're a cottage industry in comparison to Australia.

In terms of standards, if you just take transport. Our cattle goes 30 miles down the road and are slaughtered within two hours of leaving this farm. Cattle in Australia can travel up to 24 hours without food and water, that is legitimate. In live exports and as we know with new animal welfare standards that have just been out to consultation, we're going to see a cessation of live exports, but live exports in Australia can be anything up to 48 hours without food and water. I think these are just baselines, they give an indication of baselines on how you approach the treatment of animals on their way to slaughter. They have to do it because of the scale and size of their country, that's inevitable, that's a practical consideration but we're likely to see transport times reduced to about eight hours in terms of distance to abattoirs, for animal welfare benefits. There's been discussion about temperature, you know when should animals be transported. Again with climate change, you know over a certain 30 degrees centigrade that there should be restrictions on that.

So it's all moving to actually, and this brings cost into our production system, we don't brand in this country, that is standard practice in Australia. So I'm not denigrating what they do but that has been their system and will probably continue to be I think. And unless I think that this is transparent and that's really the issue, I don't think the Department of International Trade and DEFRA have been transparent about the animal welfare standards and environmental practice as well, because there are pesticides which are banned in the EU and this country which are still in use in Australia. So you can see the complexity of this and then when you get to the slaughterhouse cameras are mandatory in this country, cameras in slaughterhouses are mandatory, quite right. I like that assurance to know that when the animals leave our farm they are treated with dignity, respect and the highest animal welfare. Unless, you know and you don't have a mandatory system in all abattoirs in Australia. I think that has to be a consideration and it's really, really monitored by the abattoirs as well themselves.

## Paul Blomfield MP

OK thanks very much Jilly, I wonder if I could bring Philip in to talk about the perspective for sheep farmers and the alignment of regulations between the UK and Australia in your sector?

## Philip Stocker

Thanks Paul, before I go into any detail you know I would say within our industry there is a real feeling, there is a real serious feeling of betrayal here because we've received promise after promise that our higher welfare and environmental standards will be protected and anything coming in to be sold into our market would have to meet our standards and it does seem at the moment that there's a complete roll back on those promises. And the whole approach, similar to what Jilly has just outlined, the whole approach to the difference between sheep farming here in the UK and sheep farming in Australia is very, very different and of course there's variations in the way that some individual producers produce sheep here in the UK, as there is in Australia, but if you look at the baseline regulations and standards that are required the differences are really significant and I guess they start with the size and scale and what follows from that is the attention and the attendance that shepherds and farmers give to their sheep. You know our average flock size would be somewhere in the region of 300, you know in Australia it would be thousands of breeding sheep with many going up to well over tens of thousands of breeding sheep.

And you know if you looked at the differences at lambing time in particular, you know the attention that our sheep get in terms of care and attention when they're lambing and avoidance of losses and making sure that mothering is effective it would be, you know you go into a lot of sheep farms here in the UK and it would look like an intensive care unit in a hospital, you know it really is that sort of level. You know in Australia it's very much leave them to get on with themselves and if they die, they die, they just get on with it really.

If you look at some of the individual standards Jilly mentioned about livestock transport and you'll be aware that the Government at the moment are going through a consultation, we don't know what the outcome of that consultation is at the moment but you can see where the direction of travel is in terms of reducing transport times. At the moment our standards I think allow for total journeys of up to 28 hours but that's with a break in between, a break and unloading and feed and water. Our understanding is the maximum journey time for sheep in Australia is 48 hours with no unloading, no rest and water. There's a discussion going on in the UK about whether there should be a restriction in terms of transporting animals at time of loading beneath less colder than minus three degrees centigrade or hotter than 25 degrees centigrade, that will impose some real restrictions on what we can do here in the UK, all in the aim of trying to improve animal welfare. You know the heat in Australia means that they couldn't comply with those sorts of restrictions and that takes you to another question really about whether we ... the differences in terms of equivalence of standards and equivalence of values because I think a lot of our standards here in the UK are driven by the values, the values of what our public and our consumers expect and to my mind, you know if our consumers and our public don't want to see animals being transported long distances, I can't imagine why there would be any difference in their views about whether that transport is here in the UK or whether it's in Australia.

On farm there'd be loads and loads of differences, probably the most recognised one is the practice of mulesing which is a method of fly control largely taken and practiced on reno [ph

0:22:08.9] sheep where they take strips of the skin off of the back, the hind quarters of sheep, again many Australian farmers would say that's in the interests of welfare to avoid fly strike and maggots but it's a practice that you know we would not even consider doing here in the UK. It's done without anaesthetic as well, again our consumers here would be absolutely horrified I think if they knew that we were buying or consuming products from lambs that had been mulesed. We understand somewhere in the region of 60% of sheep would be mulesed in Australia, so there's a really serious welfare difference there.

The environmental ...

### **Paul Blomfield MP**

I wonder if I can just interrupt because I'm conscious of time and all the other questions we've got. Can I just ask ... and I've read about the practice, I mean the stuff that we've learnt through this process is shocking but specifically I wonder if I could ask you both just very briefly, have you, have any estimates been made of the additional costs that UK farmers are going to face as a result of the deal?

### **Philip Stocker**

Yeah, if I can come in there, there have been some assessment from my knowledge, the cost of production of sheep, of lamb here in the UK would probably range from somewhere in the region of £55 a lamb through to around about £80 a lamb. There's quite a wide variation. In Australia it would probably range from something like £40 to £50 a lamb. So there is a real difference in cost of production and most of those additional costs on British producers would be brought about because of the extra or the additional requirements that are on them through environmental regulations and requirements, through animal welfare standards and regulations, but also through the general scale and size of the industry and you know the fact that our countryside is still really, really rich in terms of landscapes and our hedgerows and small field size, you know all of those things bring an additional cost and they do equate to a difference in cost in terms of the end product and it is why Australia would be able to put products into our market and undercut the value or the costs of our products on the shelves.

### **Paul Blomfield MP**

OK many thanks, I'm conscious we might have a little bit more time because of the sequencing of questions. Jilly, have you got any brief comment on the additional costs that you might face as a result of the deal and then I wonder if I could bring David in briefly on that same question.

### **Jilly Greed**

I haven't, I just want to talk about our cost of production currently in comparison to Australia and I've talked about the scale and you're talking about farms which will have 44,000 cattle and we have a total of 250, so you can see on our acres how that figures and obviously because we don't have scale our cost of production is inevitably higher. But already with animal welfare and environmental and looking on this farm already to do a large amount of



carbon sequestration and assess that, we are about £2 per kilo more than the average Australia cost per kilo. So that is substantial. That's almost another 50% effectively. So we have to look for premiums in our marketplace to enable us to have a margin and it's the sector, the suckler sector which is you know the suckling cow and calf, the traditional heritage system of production which is grass based, it's on grazing on generally what would be land that can't be cropped, so mountains, moorland, river meadows, marshes, pasture based, is not an intensive system nor is it industrialised and I think that's really what we have to think about. We are not feedlot systems here in the UK. It's part of a landscape management and we haven't talked about the landscape and countryside and hedgerows and trees and soils yet, but I hope we have a chance to do that because I think it's really important, I think those are key things that matter to consumers, they clearly matter in terms of policy of this Government. That's why these promises that we've had from the Prime Minister down, you know Secretaries of States that we will not compromise our standards, environmental or animal welfare, and that just seems to be being sold down the river.

#### **Paul Blomfield MP**

OK, many thanks Jilly. Caroline have I got time just to bring David in on this question, I'm conscious.

#### **Caroline Lucas MP**

I think we should very briefly if that's alright David, that would be great.

#### **David Bowles**

Yes, so Jilly's covered a lot of the animal welfare differences between Australia and the UK, the RSPCA has designated six animal welfare differences in the beef sector and a couple of in the sheep sector and Philip has also talked about some of those. Now, as far as I'm aware nobody has done any economic comparative analysis between UK and Australia based on animal welfare standards but there are some pretty good economic studies that have been done on the difference between standards in the pig industry, in the laying hen industry and in the chicken industry. Indeed, the European Commission produced endless economic studies when they were, when they as you probably remember Caroline, they agreed in 1999 to phase out the conventional battery hen cage system. So there were a lot of analysis done there. I think when you get into beef and lamb which we're really talking about here with Australia rather than say chicken laying hens or pigs, the economic studies are much poorer and haven't been done and it is quite tricky to tease out what are the animal welfare differences versus the different farming practices that have been mentioned.

#### **Paul Blomfield MP**

Well thanks very much indeed for that David and I'll hand back to Caroline now.

#### **Caroline Lucas MP**

Thanks so much Paul and I'm going to bring in Stephen Farry for the next question.

### **Stephen Farry MP**

Thanks very much Caroline and good morning to all of our witnesses. I was essentially going to ask around sort of the reasons for the differences in production costs between the UK and Australia, but I think most of the questions have blended into one, so those have been covered to a large extent. I am happy to just give Jilly a bit of space first of all to pick up the point she was making about hedgerows because I think one aspect perhaps which particularly both Jilly and Philip could maybe elaborate a little bit more around is the importance of land management and the management of the countryside and how that is an integral part of the UK and how that may well be impacted by these, by the Australia deal, also just to play a slight devil's advocate, just to stress I don't personally believe this but I think it's worth just asking the question, for someone saying, someone could say what is the harm in the Australia deal if we have a more competitive farming sector, global competition is good, how do you push back against that type of argument and indeed I suppose if any of the other witnesses could come in on that point as well. So, Jilly, over to you first to pick up on the hedgerow point first, then Philip and yourself on the wider issue.

### **Jilly Greed**

OK so I'm fairly passionate about hedgerows and trees and we're looking in the next couple of years to actually be planting trees for shelter, for food, silvopasture is the name and it will also form part of the new environmental land management schemes as well. So these are really important, not just for carbon sequestration but also for buyer diversity. You know these are habitats and the non-cutting of hedgerows enables you know species to flourish and that's food, that's food for wildlife, it's food for pollinators and it also extends to herbal lays and pastures as well. Again, you know we've been doing on our farm regenerative farming now for nearly six years, not ploughing, and we've also been taking this regenerative process through on our grazing meadows as well, so stitching in herbs and grasses, it's about pollination. But what I want to say is it can so quickly reverse species depletion in a very short space of time, two years you can see species recovery because there is just this cycle going round and the management of cattle, so our mob grazed cattle and paddock grazing, cell grazing, so they're electrified fences is really good for pasture management because cattle go on into about an acre paddock in our size, they eat that grass, effectively they eat a third, leave a third and trample a third. And that goes into the soil, and you let the grass go to knee-high so it seeds and then they move on, and the dung is left on that paddock. The cattle move onto fresh grass and it's replicating the great bison movements and also the gazelles and the great roaming herds in South Africa as well, so the bison in the Mid-West. But it's really good for soil, so worms and fungi, your hedgerow management, it's a management system and that's why suckler beef cattle are so important to this.

And the other point is you know our systems are expensive because we have to house our cattle in winter, we can't leave our herd out on the river meadows because of flooding. Australia don't have those considerations, so in our infrastructure of our businesses we're rewilding parts of our farm, so we're actually allowing gorse and scrub to come through because it gives early pollination to bees and others. Bird species, stonechats, whitethroats, I mean public goods, public money, I truly embrace the ELMS, we don't have enough detail but the phasing out of BPS is dramatic and brutal, we should have no illusion about that.

**Stephen Farry MP**

Great and maybe Philip and then maybe Séan, if you want to pick up on the devil's advocate point, what's the harm in global competition, why does this matter?

**Philip Stocker**

OK thanks Stephen, I'll try and keep this really short as well but I think there's a real danger here actually and in a way it boils down to this whole debate about land sharing or land sparing and I think here in the UK we've got a long, long history particularly in the sheep and the grazed cattle sectors, a long, long history of land sharing where we farm within an environment where we're also going out of our way to try and provide environmental goods and wildlife habitats and that sort of thing. And the implications of something like this Australia deal in my mind will be that you know farmers, there are a wide diversity of farmers, some will look more towards environmental protection and to tap into ELMS and their productivity, well the production will probably be less important to them, but there is absolutely no shortage of farmers in this country who were born, bred, trained to farm, they are on this earth, on this planet to produce food. And if they end up being in a competitive situation with Australia they will have no option but to in a way follow the approaches of that sort of agriculture and it will be more about stripping costs out, it will be about increasing flock sizes, reducing staff, stripping any fixed costs out of the system, it'll be to the detriment of landscape and hedgerows, you know they won't be interested in small fields. With the way that prices are at the moment in the marketplace I would say that there's a real danger that could happen anyway. You know if we don't get this balance right of good environmental incentives and rewards there's no shortage of farmers out there just at the moment who would think that their future is going to be around production, productivity, producing products and selling them into the marketplace and if we see pressure on prices through that marketplace, through the Australia deal it will only drive those farmers in one way and we'll end up with a conflict between productivity and the environment and I think that that is not what our public want and I don't think it is probably what our Government wants, although I don't think they quite understand where we might be heading here.

**Stephen Farry MP**

Thanks Philip and maybe Séan?

**Séan Rickard**

Well, let's be clear, competition is good and there are many people in this country who are unemployed, on low incomes, zero hour contracts who of course don't want to pay more for their food than they really need to. I have great sympathy with Jilly and other farmers who you know farm to very high standards but let us be absolutely clear, if you're going to insist on identical standards there'll be no trade agreements and I'll leave it to others to judge whether that is really politically possible. Equivalence is another matter and some of the issues that have been spoken about, such as long journeys with animals, could quite easily be solved without any major impact on Australia's ability to export. Incidentally they won't be

exporting live animals, it will be carcasses. So my point is really this, there's no point in complaining about scale etc, unless you're going to argue that leads to lower welfare, this is precisely the sort of differences that lead to benefits from trade. You never really have identical standards, we never insist on identical pay and employment conditions for people that we are trading with and the World Trade Organisation is only too well aware of the temptation for people to invoke standards as really disguised protectionism.

My point to really the agricultural industry in this country is that unless they actually believe the Government is not going to proceed with free trade agreements with the countries, and all the ones they've lined up really now are big agricultural exporters, unless they believe that they're going to manage to stop that they should be turning around the other way and saying how on earth are we as an industry going to cope with the increased imports. I'm afraid I have come to the conclusion you're not going to stop them, the Government isn't going to stand on it, I know it stands on its head on many things but not on this and therefore you're can appeal all you like but you're taking your mind away from what you really need to be doing to prepare for the threat.

**Stephen Farry MP**

Can I just check that, am I OK for time or am I at my limit?

**Caroline Lucas MP**

You've got about a minute.

**Stephen Farry MP**

OK, Séan just very quickly, just to maybe push back against that. Obviously there's a lot of deals with, potential deals with countries that are very much primary producers in areas like agriculture, but the UK is also doing deals with countries like Japan and perhaps other societies where there is a very strong protectionist approach towards agriculture and they're more interested in manufactured goods and services, so this is not a uniform sort of situation facing the Government.

**Séan Rickard**

Deals with Japan etc are just largely, there's a slight change on [inaudible 0:38:13.8] rolled over from the EU agreement. If the UK wants to strike out on its own as a relatively weak economic country it wants to strike out on its own for free trade deals with the likes of Australia, New Zealand, America, Brazil etc it is going to have to give ground on imports of agricultural products, otherwise there'll be no deal and goodness me the Americans have made that so clear over the recent years, you cannot accuse the Americans of hiding behind you know any dissembling or whatever, they've made it abundantly clear, we will adopt their standards or there'll be no deal. Now I'll leave you to judge where the Government will jump when push comes to shove.

**Stephen Farry MP**

That's OK, thank you Séan, back to you chair.

**Caroline Lucas MP**

Thanks very much Stephen, I know we could have taken that conversation a lot longer were we to have had the time but let me pass over now please to Layla Moran.

**Layla Moran MP**

Thank you very much Chair, thank you all it's an absolutely fascinating session so far. My question is really from the point of view of the consumer what are they going to see perhaps immediately, will we notice a difference in prices, over five years will we notice a difference in prices, what can the consumer expect out of this? Perhaps I can ask Jilly first.

**Jilly Greed**

Thank you. Can we just talk about the deal itself because actually in terms of consumers seeing a benefit, I think it's been worked out, and the you know Australia is largely tariff free

in terms of products so I think the beneficiaries of this deal are in terms of export market, are Mr Kipling cakes, which apparently go down very well there, jams and pickles and obviously some cars which is actually really, I understand, pretty critical to this country and if it opens up opportunity for electric cars in the North of England and those supply chains that's great, and that all contributes to actually helping climate change. But in terms of the deal to the consumer, the Australian product is going into the food service sector and also some elements of cuts will go into ready meals and convenience food like sandwiches and such like, so you know some roast cuts will go into that market. But it's worked out roughly as being about £1 per person, £1.20 I think to be accurate, £1.20 per person per year is the cost saving, so it's negligible but so much has been given away.

And I think if you then ...

### **Layla Moran MP**

Is that a projection?

### **Jilly Greed**

I think what the deal at the moment is, the agreement in principle but Dmitry could comment on that, but that's what is being quoted effectively. I think that's what's actually upset us so much, so much has been given away for so little benefit to the consumer. But actually if we think about where this big increase in tonnage is going to go into what we call food service, but it's essentially the restaurants, the hospitality sector and chains and you'll see from Covid that we had a real problem last March and April where the eating out market, the eating out of home is effectively what it is, was completely shut down, so where are all these steaks going to go and you know it's the prime cuts. And one thing that we haven't spoken about, about why the impacts are so much more on the British beef industry and particularly the suckler sector is the prime cuts, so the sirloins, the fillets and the rump steaks actually command a much higher price per kilo in the whole carcass of that animal. So there's a huge amount of mince and 50% of beef sales are mince, stewing steak and then obviously the roasts, the hind quarters. But those primal cuts go into the hospitality sector and they had no home for them, so where do they go? And this was something that was really good I think, the British Government, DEFRA, the retailers, the abattoirs and processors, HGB and Quality Meat Scotland and Welsh Beef all worked together in order to drive demand within the retail sector. So people have been enjoying eating high quality steaks, pretty affordable prices and that volume supply was then has been able to be absorbed and actually beef eating is up, beef sales are up, consumers have discovered scratch cooking, working from home. They've learned much more about their High Street butcher, their farm shops, I mean it's been really brilliant, the support we've had from the public and the retailers.

I think it's only two retailers are now not 100% British, but when you go to the food service sector many transparency and honest labelling is a different matter altogether. There are country of origin rules for retail and Red Tractor, catering butchers also have rules of origin, but when it comes into the hospitality sector and food service then you get into this grey non-consumer communication on the source. Now there are, we have managed to achieve 65% of our UK food service market share and as Ladies in Beef and I also co-founded Great British Beef Week, we've seen that growing and growing and growing. Australia send high quality cuts but they can very easily undermine our market and therein lies the challenge

because the Red Tractor assurance is very strong, dominant in the retail sector but it is less so in the food service sector. And then you come ...

### **Layla Moran MP**

And it will undermine it by, just so I'm clear, so they'll undermine it by selling cheaper prime cuts of beef through the catering sector and therefore there'll be less market for the British beef sector to buy into, is that, just so that I've understood that correctly.

### **Jilly Greed**

But if we just take the quota, so if we were to have 7,000 tonnes just of sirloin strips, you know so just sirloin, so if that was sirloin, 7,000 tonnes of sirloin coming in and coming in particularly at the wrong time, so there are you know there are premiums in the market, the annual market, Christmas, you know there are premiums and we try and finish our cattle for the summer months when there's you know when there's less British supply, that's 20% of our market, if they were to send 35,000 tonnes and I will say that is unlikely of sirloin, that would be 100% of our UK requirement.

Now, Séan is right, you know but ten years on, but there are things that happen in the interim, so trade wars between China and Australia, China only takes hormone free beef and if you know trade is a way of actually creating power battles and influencing outcomes, if China, some of that is excludes Australian product, where will they go, they'll go to a very high, highly prized market where they will get top dollar for their product and it fits with the cuts that they can send out, send over, particularly what you call the boned out cuts, the primal cuts. That will really substantially undercut us and it will depress farm gate prices and because of the UK that carcass balance, I hope you understand what I've said about that, you know the primal cuts are the highly prized primal cuts.

### **Layla Moran MP**

Yes, yes, yes. So what the consumer, what you're saying here is that, and I'm just trying to completely understand and I see the impact on the sector and the market but the consumer can potentially therefore see cheaper meals in restaurants, is that what we're likely to see? I mean I'm trying to understand as you say there's no benefit to consumers more than £1.20 over the course of the year so if all this extra product is coming in and going into the catering industry, where is that, what's that going to do to the market. Is the consumer going to see nothing and it's the catering industry that's going to reap the profits, where is that money going to go?

### **Jilly Greed**

I think only if Australia were forced to send it here because they haven't got more lucrative markets in Asia, China or the Middle East, they're coming to this market because they can get high premium prices. They're shipping it 10,000 miles. It'll be on a boat for 60 days. And I can't see chefs and that restaurant or even the chains wanting to reduce their meal price, because you know steak is often the choice of eating out market because it's more

expensive than mince and stewing steak. So it's a special occasion, it's going out, I'm going to have a steak and it will be a guest steak on a lot of menus. And you know it probably won't have Australian put against it, I don't think so, whereas you'll probably find that maybe there is Scotch beef or West Country beef or West Country lamb and where you'll have, they want differentiation on their menus generally chefs. I do not think they will price discount unless they're doing special promotions for example. So they might do that, they might have you know, you know the pub promotion, two steaks you know for the price of one, well that will be imported product without a doubt.

The area that we need to be mindful of is ready meals, so ready meals and you know if you take the sandwich market there are some premium retailers that will use Australian topside in their sandwiches, you know roast beef sandwich. You don't have to have country of origin on ready meals, nor this convenience market either. You do on retail and you do on catering, so you can see that there is the ability to kind of bring it in quite, you know really weaken the market if there isn't any what you call carcass weight equivalence on those fresh boned out cuts.

### **Layla Moran MP**

OK thank you. If I might just ask Dmitry, so Dmitry this, and forgive me if it's not you Dmitry and someone else has the answer but this £1.20 per person per year, it's pretty paltry especially given what we seem to be giving up for it. How was that calculated and is that do we think a pessimistic estimate or, because I still don't totally understand if this product is coming in from Australia, they're seeking from their end to make a profit, why would people here buy it if it's not as good a standard, it's coming from far away, unless it was to increase their profit margins or to reduce price so they can increase volumes. And therefore if all of that is true then how is it that it's only £1.20 that the consumer is going to get the benefit from this over the course of the year. Please explain that to me.

### **Dmitry Grozoubski**

Yeah sure, so if I understand the number you're referencing correctly I think all someone did was take the aggregate GDP impact per year over the long-term of this deal which was calculated via basically macro analysis and then divided up by the population of the United Kingdom. So, you know they just divided one figure by 64 million and that's how they got that number. It is a number designed to grab headlines and generate retweets, I would not treat it with a great deal of seriousness.

In terms of the benefit to the consumers, I think it's really important to understand what it is we're talking about here. So, the free trade agreement removes a barrier to trade and that barrier is the ability of the UK Government, which it's currently utilising, to levy tariffs on that trade, those tariffs are prohibitive. So it eliminates a Government barrier to trade, it does not change any of the other market realities. I was looking at the numbers while some of the other speakers were speaking, in June of this year Europe accounted for 1% of the Australian export market in red meat. Asia is about 70%, the North Americas about 29%, so it's, I mean that's just a snapshot it's not a representative figure, they can sell more but for Australia specifically it's not a high figure. That won't change overnight but the Government will lose the ability to impose tariffs to prevent it.



In terms of what happens next it's really one of three things and there are a lot of factors that determine that. Either there is generally significantly more Australian red meat on the UK market which depresses prices. If it meaningfully depresses prices that means Jilly and a lot of her colleagues are going to be hurt, there's simply no way around that if the prices for what you produce are dropping, you are hurt. I think everything Séan said 100% applies, I have no disagreement at all.

The second, the kind of flipside option is that the Government, the tariffs were never the problem and Australia's most lucrative markets remain in Asia and North America and the Middle East. Australia has some supply side constraints, it can't simply double the amount of cows it produces next week or even in five years, so things stay roughly as they are in which case the consumer benefits are next to zero. Australia doesn't send significantly more lamb, maybe it displaces some French beef but consumers probably won't notice a difference.

The most likely outcome is something a little bit in the middle where there is an increase in how much beef and lamb Australia sends, consumers probably won't feel it too much at the restaurant table or in the supermarket but for UK restaurateurs they will have more options, for UK producers of pre-packaged goods they will have more options, they will yield slightly higher profit margins, perhaps some of that will be passed onto the consumer.

The fact is I think people tend to compare the impact of a free trade agreement to GDP which is all economic activity in a country, it's important to have some perspective. This is effectively some tax cuts on a sub-section, on a small sub-section of trade with a distant country, comparing it to all economic activity is a little extreme.

So will consumers, to get back to your question, will consumers massively benefit from this, it's genuinely hard to see how. Will there be some marginal benefits, yes. Will some restaurateurs benefit, yes. Will there be a little bit more variety, perhaps. And the impact on farmers will really depend on how much take up there is from Australia and I'll leave it there.

### **Layla Moran MP**

Thank you very much, that was very comprehensive. I see Philip's dying to come in but I'm also very aware of time so Philip and then back to Caroline if she'll allow.

### **Caroline Lucas MP**

30 seconds.

### **Philip Stocker**

OK I'll try and keep this really short, but I just want to pick up on the issue of carcass balance and Jilly mentioned this but it's absolutely critical. The Australia trade historically and will continue I think has largely come into our catering supply chains and public procurement markets, the ready meals and the catering chain and when those products come in you know we all know when we go out for a meal that it's a steak or it's a lamb shank or something, it's one product. They don't have to deal with carcass balance and if you think about our supply chains here in the UK you know the smaller we go, if we think about the High Street butcher

and the farm shop, they deal with whole carcasses and it's like the skill of the butcher to create products to make use of the whole carcass. When you get a ship load and it comes through to the tonnage, the TRQ volumes that we're talking about, when you get a whole container load of boned legs or something like that, we don't have to deal then with the rest of that carcass balance, it disrupts the market hugely and that's why we need to start talking about controls around, or co-efficients around carcass weight equivalents on these tonnages so that we can take account of that carcass balance and bone-in or bone-out product. I'll leave that there, but it's a really important issue.

**Layla Moran MP**

Thank you.

**Caroline Lucas MP**

It's really fascinating, that's something I had not thought about but a really, really good point, thank you so much. I am a bit worried about time so if we can try and keep the questions and answers as crisp as possible and I will come to Hilary Benn as the example of doing that.

**Hilary Benn MP**

Oh Caroline, thank you very much indeed. We spent a lot of time this morning so far discussing what Australia has got out of this deal in particular relation to agriculture, I want to turn to you Dmitry and ask this, in so far as we know what has the UK got out of this deal and have we gained as much as we've given?

**Dmitry Grozoubski**

So we don't have a lot of information on what the UK has gained beyond what we know which is that Australia is giving up its tariffs, they weren't high to begin with but in some places like Scotch Whiskey there was sort of I think 5-8% which isn't game changing but it's not nothing. And there's been some additional information about, as I said, at the start visa regimes and recognition of professional qualifications. What we really don't know about are UK gains in areas where the UK has really strong, what we call offensive interests, so access to the Australian market in areas like investment, professional services, financial services. My understanding is that that part is still being negotiated, from everything I've heard that is still being, that is still up in the air as far as I know, but certainly no one has said anything.

**Hilary Benn MP**

Now those would be obvious offensive interests of the UK, does Australia have defensive interests when it comes to granting that kind of services access?

**Dmitry Grozoubski**

Yeah, look most countries are fairly defensive in services just by virtue of the way international trade is worked out, services considerably less liberalised than goods for a whole host of reasons. It touches on a lot of sensitive areas, it can involve billions of dollars in investment. It touches on areas like health, education which are very politicised and frankly services has just never been as sexy and capable of convening meetings like this as agriculture and manufacturing and I think that's a factor and we'd be silly to ignore it. In practice yes, Australia does have defensive interests, the UK is an absolute services powerhouse, the City of London alone, the concentration of lawyers, accountants, management consultants, artists, all of those things, the ability for them to sell directly to Australian consumers, especially when it comes to services involving doing business in Australia or interacting with Australian law for example, would be a really serious defensive interest for Australia.

### **Hilary Benn MP**

Right, but doesn't it weaken the UK's position to have announced there's going to be a deal, when we're still trying to negotiate on the bits that you've just described are of particular interest to the UK? In terms of the dynamics of a trade negotiation.

### **Dmitry Grozoubski**

So what we don't know is what was the back room understanding behind announcing that deal, effectively what was the price that Minister Truss and Prime Minister Johnson extracted from the Australians that perhaps wasn't ready for prime time. So perhaps there is a very generous set of packages in terms of the UK's Australian offensive interests lurking just behind the curtain. But certainly when you concede to Australia that you'll provide them full agricultural market access, except rice, that is always Australia's number one offensive interest and you can't do much better than that. So now Australia has an incentive to get the deal done, but perhaps it does undermine the position somewhat, yes.

### **Hilary Benn MP**

Interesting. Now Séan, what do you make of who's gained most?

### **Séan Rickard**

Oh! Well, of course without knowing the details that cannot be answered accurately but I think what we can say without fear of contradiction is that the benefits such as we are aware of them are going to be spread very thinly and widely and the costs are going to be concentrated very heavily on, in fact a part or parts of one industry, of course we know there are always winners and losers when it comes to trade negotiations, it just seems that agriculture is going to bear a disproportionate cost of this deal and what worries me is it's the template for the deals that will be done with others. So, you know as I said at the beginning next year or two you won't see much difference, everyone will start saying well, what was all the fuss about? 15 years out you'll have potentially enormous impact on an agricultural industry and I think the Government are only too well aware of that if you look carefully at the Agricultural Act, it's not about producing food now it's about encouraging

farmers to do something other than produce food, they are preparing to slim down the agricultural industry and I think that is just such a waste of enormous opportunities, enormous potential here, so desperate are the Government to do deals, they know they've got to give up a lot on agriculture and they're really not asking what they can do to the food industry to offset that, so it's not a direct answer I'm afraid but I don't know the details of the other elements.

### **Hilary Benn MP**

I mean that's a very interesting take on it given, certainly speaking personally I would regard agriculture as a strategic industry. Dmitry coming back to you, do you think there's any truth in the argument that says the Government was so keen or even desperate to sign this deal because it's the first one that isn't a rollover of the arrangements we had already through our membership of the EU that that might have been the most important consideration, rather than the precise terms of the deal. Do you think that's a fair assessment?

### **Dmitry Grozoubski**

I never try to speculate on what's in people's hearts or what's motivating them but I will say that if I'm on a negotiating team one thing we always look pretty careful at is for whom is failing to get a deal this month a bigger political blow at home, and I think it's hard to see, especially once the target of a signature by G7 was announced, I think the political costs for Boris Johnson in failing to meet that deadline were considerably higher than they were for Prime Minister Morrison and the Australians and that's certainly an advantage in the room. I would also say that it is possible to interpret the approach the UK is taking here which is effectively full liberalisation rather than a more granular approach where they protect some industries and not others, or they ease up pressure in a certain way, reflects a desire for haste. If they had attempted to more strategically protect certain sectors it would have taken much longer and they would have blown through their deadlines and it is possible to see a [inaudible 1:03:14.8] kind of there. To read that into it.

### **Hilary Benn MP**

Now, Séan I saw you nodding at regular intervals during Dmitry's answer, do I take it that you agree with that assessment?

### **Séan Rickard**

Yes, my view would be that the Government is in a very weak position. It has held up the trade deals as being the so-called benefit of Brexit and they know, in fact it was in the ERG's papers tucked away you know four years ago, agriculture would be decimated, that's their words of you know their so-called experts, they knew the costs of these free trade deals, the argument would be I'm sure from their side that other sectors will gain at the cost of agriculture.

**Hilary Benn MP**

Well, I think we're waiting to see any other sectors. Very quickly and finally Dmitry, do you know what Tony Abbott's role is in advising the Department of Trade?

**Dmitry Grozoubski**

No. I don't.

**Hilary Benn MP**

You don't. Because it's quite unusual, is it quite unusual in your experience to make an appointment like that?

**Dmitry Grozoubski**

Yes, though I will say it is also quite unusual to effectively build a trade department and trade negotiating capacity from scratch at a great urgency, so bringing in people like Prime Minister Abbott or much more I think, much more shall I saw wisely someone like [inaudible 1:04:47.9] Kauffner [ph 1:04:48.5], the New Zealand former negotiator, makes a lot more sense in a way it wouldn't in say an Australian context where we've been doing this for a lot longer. Crawford Falkner.

**Hilary Benn MP**

OK, that is really helpful thank you so much. Thank you Caroline.

**Caroline Lucas MP**

Thanks Hilary and I think Dmitry has shown there why he became such a great diplomat in the quality of those answers. I was going to hand the floor now to Philippa Whitford.

**Philippa Whitford MP**

Thanks very much Caroline if I could start with David. One of the public's concerns is very much about food standards, my concern as a medic is things like antimicrobial resistance which the UK and the EU have prevented antibiotic use purely as a growth promoter really for the last 15 years, now when we see the detail there will be chapters there on you know cooperation on standards etc, so I'm just going to run all my questions together and then come round who wants to ask. Do you think that content is likely to be meaningful and what are the things the Government could do or could have done? You know could this dramatic reduction in tariffs have been put with that what was exported to the UK would have to meet UK standards, I mean is that something we see in other trade deals and the comment in Hilary's session about the precedent this sets for a US trade deal and others is obviously quite chilling.

## David Bowles

Yes, thanks for that. So the one issue that we haven't discussed as to what the benefits are is what the UK has pushed forward which is membership of CPTPP and that scares the RSPCA because with Australia we're just talking about essentially beef and lamb, but with CPTPP particularly when you're looking at Canada, Mexico, we're talking about eggs, we're talking about chicken, we're talking about pork meat and as we all know the UK's animal welfare standards are well above any of those countries in those issues, therefore it's cheaper to produce and therefore it's easier to export those products into us.

So, yesterday I'm not sure if committee is aware, yesterday the EU Commission made a fantastic announcement, they said that they were going to get rid of cages for laying hens, for pigs and for other animals but more importantly they said two important things which are really vital for this discussion. Number one is that in any future FTAs they will demand equivalence for their animal welfare standards, so they recognise that there is no point in raising their animal welfare standards and then just exporting those standards to other countries. The UK hasn't done that. Now obviously as others have said we don't know the details in the agreement, but I think it is fairly certain because the UK seems to be really embarrassed about mentioning what those details are which is why they go on about the model animal welfare chapter, well that's great, that will have all the language on cooperation, on working together, on research etc, that's brilliant, the RSPCA supports that, but it doesn't protect our farming industry. They've talked about non-regression clauses, that's great but that's essentially making sure that we don't lower our animal welfare standards or Australia doesn't lower their animal welfare standards. As far as I'm aware the UK has never lowered our animal welfare standards and Australia really has no intention because they're pretty low anyway.

So, why haven't they discussed and why haven't they answered any of the questions that have been put to them which is what is the conditionality language in the FTA. And that is because I don't think there is any conditionality language in the FTA. Now the EU as I said yesterday made this great announcement on equivalence in any future FTAs, they themselves are trying to negotiate a trade deal with Australia and that is not really going anywhere and probably with this announcement Australia will go well we might as well give up and look elsewhere. But the EU has already shown the way on this, so with the Mercosur EU deal they have agreed equivalence on eggs, so they have said to Mercosur we'd like to get your egg products coming into the UK and ... sorry to the EU but only if they are produced to EU standards. So that is the first time we have seen in an FTA some equivalence language and I think the UK had a real opportunity with Australia and probably a greater opportunity with New Zealand to put equivalence language and conditionality in there.

And it's really interesting, we talked about why Australia has been first, so New Zealand last week and the UK finished their fifth round of negotiations, I think Australia was up to the third round when suddenly they went into this trade sprint to make sure they were ready for the G7. New Zealand has pretty well equivalent standards to the UK, probably they've got ... they are the only country in the world that has better standards to the UK in some areas. Australia we all knew had far poorer standards, so why did the UK bend over backwards to Australia and they haven't done the same to New Zealand? Even though the New Zealand Minister was over for G7 as well, so they could have signed something there.

So, I think the UK is being very, very coy and I go back to what is in the Government's manifesto, the Government will not compromise on animal welfare standards in any free trade agreement, what does that mean? What does that mean? Does that mean that we won't lower them, well that's fine, we weren't going to lower them. But if you don't have conditionality or equivalence in your FTA it means you export your animal welfare standards and I think the Government is being very, coy is probably a polite way of saying it, a more reasonable way of saying it would be disingenuous as to what they've done.

### **Philippa Whitford MP**

I mean I think Jilly's point earlier as I came on and I apologise for coming in late, I was in another meeting, that in essence you know the public are saying oh I'm not going to buy this, that and the other, the public in many situations simply won't know whether it's ready meals, takeaways or schools or hospitals. You know, none of that food do you know the source of it. If I could maybe come to Séan next and then Jilly or Philip as you want to feed in on this issue of should we not have been associating the reduction of tariffs with a maintenance of welfare standards and particularly as I say I have a concern around the antibiotics. I know we're tied up with Covid at the moment but the next bit health threat is antimicrobial resistance which would simply end complex surgery if we run out of antibiotics that work. So over to you Séan.

### **Séan Rickard**

Well just very briefly on this, I really come back to my point that I think the Government is desperate to do deals and that is why they're not going to push these details. And I think we also need to be a little careful, you know we're going to get all this over chlorine washed chicken etc with America, you know this is ... Australia will be able to adjust some of its production if it's directed at the UK. So if the UK really was to push down on this I don't think it would make much difference actually, the Australians over the next years would prepare for that. Why don't we push down on it, why don't we insist? Because frankly we're weak and these other countries can say if you want a deal it's going to be done on our terms, and America has said that, America has said we've got to wake up etc, we accept their standards or whatever.

You might just, if you were getting old and cynical like me, which of course you're not, you might think that this Australian deal is preparing people for when they really have to hit them with an American deal later on.

### **Philippa Whitford MP**

Thanks. Jilly or Philip do you want to comment before I come to Dmitry?

### **Philip Stocker**

I'm quite happy to come in just very quickly, I don't think I need to add much to what David and Séan have said, I agree with it fully and we absolutely should connect standards around welfare and antibiotic use to tariff free access to the UK as well. That was the promise it

was made to the industry all the way through, month after month the industry has been promised that our highest standards would be protected through these trade deals and that we would be global leaders in pushing forward these improvements in animal welfare, health and environmental management and you can see that what we're going to come down to is a discussion around some loose form of equivalents. It will give people access to our markets without being entirely the same and you know I think [inaudible 1:13:31.4].

### **Philippa Whitford MP**

There seems to be so much falling at the first hurdle and literally flinging ourselves on the ground at the first hurdle.

### **Philip Stocker**

Well we've used the phrase previously that you know we've always been concerned that we're going to be the sacrificial lamb in these trade deals for the benefit of other economic benefits and it certainly looks that that's the way it's heading.

### **Philippa Whitford MP**

I mean there's a real concern in Scotland obviously, 85% of our land is very rough, it's very much an animal-based sheep and beef kind of industry in Scotland, we don't have the land to suddenly change to other forms of agriculture and what we could see is just vast tracts of land going for sale cheaply because farms are not sustainable. Jilly have you anything to add?

### **Jilly Greed**

Yes I do and it is about farm assurances and also inspections and auditing and this Government evidencing the product that comes in is produced to equivalent standard. Now I want to just talk about farm assurance in Australia and it's not the same as we have here because in one farm assurance scheme, and they have got gold, silver and bronze, but I just want to speak generically. They have in one category four-year inspections, so the first year is an independent inspection which we have annually. The second year is self-certification by the farmer, OK so bear in mind how big these cattle ranches are and feed lots. The third year is certification by the feed merchant or possibly the vet, so someone who is involved in the business. And then the fourth year is again self-certification by the farmer. That is not the same and going on to kind of ensuring that there are inspections by UK Government on farm, in the supply chains and also abattoirs and packing and also transportation whether it's animals to slaughter or transport on the boat. And then when it comes here to making sure that there is testing to make sure that no hormone beef is coming in, these are critical key factors.

Now the EU were really hot on this, you know I happened to be in Brazil and Argentina when one of the plants there was an inspection, really hot, and as you know there was some issues around really, really appalling organised crime in, I think it was Brazil, in chicken and beef plants you know where there are cytosanitary hygiene rules and they shut it down, you know



they acted quickly. If I'm really honest I don't have any confidence that this Government, they'll just do a box-ticking exercise, they won't drill down into the detail. I don't think they'll inspect and even worse still I'm not sure that there will be testing of product when it comes into this country in sufficient, with regularity, sufficient regularity by the Food Standards Agency or the Animal, Plant and Welfare, APHA, Animal Plant Welfare Group, sorry APHA, you know it's the veterinary and plant inspection.

And that's really important, that's consumer protection. That is critical. So it has to be backed up by evidence. I've heard none of that, none of that. So there is a long way to go and what's really sad I think, it's such a shame, there's so much knowledge and expertise in this country, the British Meat Process Association, you know they're technical, they represent the processes and the abattoirs. Obviously farmers, the RSPCA, there's Red Tractor, HGB, Quality Meats Scotland and Wales, there's so much knowledge here. The food service sector, you know they could have really tapped into a lot of useful, open, transparent, factual, evidence based information and facts that could have helped them.

### **Philippa Whitford MP**

I mean that's going to be quite important, you know I could imagine us being told oh yes there's farm assurance in Australia, the same way as farm assurance here and the public are not going to be aware of what you've just described, what that difference is. And as someone from Belfast originally, the more we have these issues actually the more the Northern Ireland issue will become problematic because if the EU doesn't have a trade deal with Australia then suddenly there really is a vested interest in a backdoor into the single market for things that aren't the standard that the EU want. If I could come to you Dmitry very quickly, just if you've anything to add to what's been said.

### **Dmitry Grozoubski**

Yeah, so look I mean trade is about choices and I think Séan, I just keep coming back to Séan's point which is that the UK produces agriculture in a certain way and if it wants that method of farming to continue, if it wants the countryside to continue looking the way it does Jilly's point about hedgerows, all of this other stuff, it really only has a select list of options. It can keep alternatives out through a combination of tariffs and ethical bands. It can encourage farmers to basically try to transition into more US/Australia style agricultural production which doesn't sound like it's hugely viable, it can trust in consumers to just back farmers and pay higher prices for things that are labelled Red Tractor, but that approach has limits as well. Or it can massively roll out a subsidy regime within the constraints of international trade law to basically say look UK farming is uncompetitive with foreign imports on its own terms, we are going to step into the breach on this and try to keep them up.

At the moment what we know with this deal is that they have opted not to employ the tariff option, at least when it comes to Australian competition and they've certainly set a precedent for other deals. Other negotiators are going to have a very hard time justifying to the US Congress, to Bolsonaro in Brazil, why they are coming home with less than what the Australians got, given the size of the Australian export market. So they've created that precedent, they're closing that door.

The question is OK, is the UK vision that farming as Séan says winds down or what's plan B, because simply telling British farmers you know harden up, be more competitive is perhaps as so many of the people here have said [inaudible 1:20:33.0] ... as so many people have said it's not really an option for a whole bunch of reasons.

**Philippa Whitford MP**

Thanks very much Dmitry, the worry is that we see land prices just plummeting and people hoovering up what were farms and heaven knows what they'd turn them into. Thanks very much, back to you Caroline.

**Caroline Lucas MP**

Thanks so much Philippa. I'll hand the floor now to Tamara.

**Tamara Cincik**

Thank you Chair. My question is has the UK Government or NFU produced a detailed impact assessment of the changes likely to result from the UK's trade deals? David, I'd like to come to you first please.

**David Bowles**

So the answer to that is no. But there will be several impact assessments. So the Trade and Agriculture Commission which as you know is out for tender at the moment, they've invited applications to that, hopefully that will be up and running this month or maybe early next month and they under the agriculture and the trade acts they have to produce a report on an impact assessment on the agriculture implications of the Australia deal when it is laid before Parliament. And I assume this is going to be laid before Parliament in November/December once they've agreed all the legal scrubbing and sorted out all the nuts and bolts that need to be sorted out because don't forget this is still an agreement in principle, this is not a free trade agreement.

Secondly, under the process the Department of International Trade also have to do their own impact assessment, that is part of legislation, it is in the Trade Act and the Secretary of State has agreed in Parliament that she will produce an impact assessment, when that gets produced I don't know but I would imagine that will come at the same time as the TAC report, so maybe not until October/November. So hopefully we will get some useful information from that because at the moment frankly we don't really have any. You know the UK has one of the poorest ways of negotiating free trade agreements in terms of accountability and transparency, as you know Parliament does not have a veto on an FTA, all they can do is endlessly postpone agreeing that FTA. So, unlike other countries, and indeed I think it's ironic that Australia seems to be moving into more transparency, I've got more information about the Australia deal than I did, I've got more information from Australia than I did from the UK on this, and I think that says a lot about transparency and how the UK operates. But we will get some impact assessments probably by October.

**Tamara Cincik**

My question David is what if the two impact assessments contradict one another from the two different teams?

**David Bowles**

All I'd say is that the Independent Trade and Agriculture Commission will produce an independent report and the Department of International Trade will produce a government report and then it's up to MPs and politicians to look at those two reports in that context.

**Tamara Cincik**

That's really helpful, thank you. Thank you so much David and sorry with Zoom I'm sorry that I spoke over you, I do apologise for that David. Séan, I want to ask you the same question please.

**Séan Rickard**

Well, the truth of the matter is that you can cut an assessment so many ways. I'm sure if the Government come forward and say well, we're looking at the next five years it won't look too damaging. You've really got to look further out and we've got to also be mindful to what extent this is a template for other deals. Look I think we can just go back to basics here, the amount of food consumption in the United Kingdom is growing at less than 1% a year, we're a well fed population and really the volume increases don't go up very much. If we start to import a large proportion of our food one of two things must happen, either prices will adjust down and farmers will leave the industry in this country or we need to export our way out of this. At the end of the day if more imports are coming in and we're not going to eat a lot more food I'm afraid that is the iron law of economics. And we spend a lot of time talking about subsidies for farmers and you know we've heard all this debate about phasing out direct payments and Government are going to come forward with environmental payments, I insist that the trade effects are going to be bigger than those and they are almost completely ignored because the Government, or Mr Gove in particular very cleverly turned the NFU on its head and got them thinking and talking about environmental subsidies and missing what was happening to food production.

At the end of the day it's agriculture and industry for producing the countryside or is it an industry for producing the food. I insist it can be a modern food industry and deliver the countryside, we're giving that up, we're saying let's focus on the environment and leave others to import our food and I really think that if you could get into the heart of Government and I suspect Hilary Benn knows this better than I, food security in this country for many years has been regarded as our ability to import food from other parts of the World and I don't see that has changed one bit post-Brexit.

**Tamara Cincik**

Thank you Séan because you draw on a sense of identity which is core to what I think this conversation is really about, are we a country that respects not only the land but also the food that we create and what we eat and the value that we put on our ecological biosystem. Philip, I just want to bring you in before I revert back to the Chair on that question and thank you very much for your answers.

### **Philip Stocker**

OK thank you very much and again I don't think I've got a great deal to add but I don't, well I know that those assessments haven't been done to date, you know we know that this deal has got to go in front of Parliament and it will go in front of an independent trade and agricultural commission at some stage. The only thing I would say about it all is that we've just got this really unhelpful tendency to look at things in isolation and we just don't join these things together. We look at climate policy, we look at animal welfare policy, we look at nature recovery policy and if we're lucky from time to time we look at food policy although it's not that regular, and we have to find a way of connecting all of these things up and having a bigger strategy and a plan around the use of our land and what we want from our land, and my big fear for the future is that we're going to lose a lot of our food security and a lot of our production will be left in ten or 15 years' time will be more focused to try and access premium wealthy markets anywhere across the globe, while we just bring products in to feed our nation, and I think that's hugely worrying actually.

We just need to look at the whole thing as a whole in terms of our food security, our land for agriculture, land for nature recovery and the way that we go about climate change as well and carbon storage.

### **Tamara Cincik**

Yes I think those are all really pertinent points and I also, referring back to what's been told earlier, I didn't realise that when my son had [inaudible 1:28:00.3] of course there's no traceability of where that food has come from, so I've learnt so much from this meeting and thank you for all your insights. I now revert back to the Chair, thank you.

### **Caroline Lucas MP**

Thanks so much Tamara, that's really, really helpful. Liz, let me come to you, Liz Saville-Roberts.

### **Liz Saville-Roberts MP**

Thank you very much Chair. What I'd like to ask Philip and Séan in the first instance is the particular impact on Welsh and Scottish agriculture, given our dependency on the sheep sector, if I could start Philip with you, please.

### **Philip Stocker**

OK well thank you very much. I guess the answer is that it's going to impact more on farmers in Wales and Scotland than it will in England because agriculture is a much larger part of their economy. You know I haven't got the figures in front of me but we know that a larger proportion of Wales' GDP than England is made up from agriculture and food and anything that affects farming and food markets will impact on people in Wales. It's also important to point out that in both Scotland and Wales the areas of LFA land in comparison to other agricultural land is much, much greater and as one of the speakers pointed out today that the limitations on the use of that land are much greater than within non-LFA land. So most of, a large proportion of the land in Wales and Scotland will be grass with few other options and again the smart way of using that land in my mind is in a multi-functional way to produce both high quality protein to feed ourselves alongside carbon capture and landscape and nature. But the impact of the deal with, I think, disproportionately affect Wales and Scotland more.

**Liz Saville-Roberts MP**

Thank you. And Séan.

**Séan Rickard**

I really have nothing I can add to that, just to emphasise the point, agriculture is a larger proportion of the Welsh and Scottish economy and within those agricultural industries beef and sheep are a much bigger proportion than they are in England. So, yes the straight answer is this, if this deal is damaging for UK agriculture it's a great deal more damaging for Welsh and Scottish agriculture.

**Liz Saville-Roberts MP**

Yes, indeed and our communities are so much more dependent I'd say on agriculture and tourism which are both low paid industries and the constituency that I represent of course being Welsh speaking this has a particular impact on that. I'd like to turn if I may to Dmitry, what I'd just be interested in is could you compare the sort of trade arrangements that Australia has with say Middle Eastern countries and South Asian countries with those which belong to the UK, with perhaps an idea of what the devolved Governments should be doing to promote their own sectors here in the future. I understand it's been very hard to break into the Dubai market for example.

**Dmitry Grozoubski**

I mean this is not necessarily my field so I'm giving you an absolute sort of sky-high overview of things I have caught out of the corner of my eye, but Australia has been investing in trade promotion specifically with this aim of breaking into these markets. It's been doing that through basically I would say a two-pronged strategy, there is an organisation called AusTrade which is the Government trade promotion body that basically employs staff on the ground and their role is to firstly promote Australian production, secondly to encourage investment into Australia and thirdly to work almost as consultants, I think it's often on a fee for service basis, market entry consultants effectively. How do you navigate the

bureaucracy, how do you navigate the cultural norms, how do you navigate all of that if you are an Australian firm that wants to sell into Dubai? Because it's not straightforward. As you can imagine selling into China is you know, you need all of the help you can get to navigate the peculiarities with the Chinese system, avoid the pitfalls, avoid running foul of all of those things. So Australia invests in effectively Government expertise in helping firms do that directly, while at the same time running commercial campaigns to promote Australian lamb or Australian beef and Australian production as a brand.

Ironically marketing it in a lot of the ways that I think the farmers on this call would market their production as cleaner, as pesticide free where that's relevant, as sort of the organic solution compared to what is being produced in say Chinese horticulture. So they do that. And then additionally we have very, very active, as you do, our equivalent of the NFU, our equivalent of the Red Meat Association, the Meat and Livestock Australia, maintains trade missions all over the World who basically promote and lobby on behalf of the Australian red meat industry, identify the actual problems in an export chain that might be preventing exports which are often not what you think they would be. The kind of specific thing that is preventing an export being viable is often not the most visible barrier, but something in the way that customs operates or some regulation and so they identify those, they lobby to get them removed, they bring them to the Government's attention.

Specifically for Scotland and Wales, look it's hard to know what to recommend because I think as Séan and I think Philip and others have suggested, I think the issues are going to be primarily at home. The issue is how can Scotland and Wales influence policy in London and in Westminster in a way that protects the interests of ... that is objective one, promoting Scotch and Welsh production abroad is good, but that's not where the fire is. So, I'm sorry that's not super helpful.

### **Liz Saville-Roberts MP**

OK, no it is very helpful I mean your point I think there about the need to be able to influence Westminster which I think both Philippa and I would have quite a lot to say on that if we had the time, but could you just give me, and I'm aware this isn't your area, you may not have expected this question but that quantification, the sense of how much out there the UK is compared to all those activities you described with Australia.

### **Dmitry Grozoubinski**

Yeah, sure. So I mean this is questions about kind of the scale of FCDO and others' work. I know for example that the UK in just about every mission it has around the World has locally engaged staff that work on market access issues, so they are for specifically when a UK firm can't get into ... it's having a problem at the border for example. So they are there. Just generally I mean FCDO and now DIT, but the UK diplomatic network is probably second to none, in terms of just the quality, the breadth, the reach. So the people are there, how they're being utilised, what I have heard third hand from people, from business owners who have been considering moving to the UK or looking to the UK is that historically a lot of the support has been very surface level, a kind of you know brochure on how people in the UK speak English and the Rule of Law is great and we're part of the European Union which is convenient, and that really needs to, that needs to be dialled up to a 12, that needs to be dialled up to bespoke advice from people who get it, but certainly the quality of the personnel is there, it just needs a lot of investment and some direction I think from the top.

### **Liz Saville-Roberts MP**

OK, I have a load more questions, I think I'll leave it there for now, I think it really is the role of the devolved Governments in this, we haven't got the time to touch on it here, but I think it is significant. Thank you everybody.

### **Caroline Lucas MP**

Thanks so much Liz, that's absolutely right, I'm sorry to have to cut you short on that. Can I pass over now please to Professor Shearer West?

### **Professor Shearer West**

Hello, thank you everyone, this has been completely fascinating and I want to go back to Dmitry and ask you if you can say a little bit about what the best practice is for consultation on trade deals in your experience, can you say a little bit about that?

### **Dmitry Grozoubinski**

Well let me begin by saying that absolutely nobody is getting this right, doing trade consultations is incredibly hard. The way that trade policy generally works is that the people most affected by it have the least time to tell you about their needs. A barrier at the border impacts a small business run with 15 employees trying to get a bespoke product over a border, much more than it does a gigantic firm that can hire you know Dr Jasuska [ph 1:37:28.8] and a whole team to help them mitigate and has economies of scale.

So everybody struggles with this. The European Union has moved to significantly more transparency at some key stages. They will release their negotiating objectives in a way they never used to, this was a reform I think really introduced by Cecilia Mounstrom [ph 1:37:49.9] when she was DG Trade after the backlash to the EU-US deal from civil society, the T-tip [ph 1:37:58.2], so the EU is a lot more transparent now, they publish their negotiating mandate,

they will sometimes even publish their core text but the real challenge is you can have all of the roundtables, you can have all of the submission requests that you want, the question is is that actually shaping really three things. The negotiating mandate, the Cabinet's submission that goes up from DIT that says here is our negotiating mandate, here are our key offensive and defensive red lines. Secondly your initial market access offer, so what your opening bid is in terms of what you're prepared to open your market in to kick off the negotiations and your opening request, so what you're asking the other side for as your most ambitious dream outcome.

And actually translating that input and making sure people have a real sense of identifying where the actual problems for me are in that market is incredibly difficult and requires a lot more than I think a lot of Governments, in fact most Governments err on the side of a box ticking exercise where they can say look at how public we are, witness our openness and then really the decisions are being made in other places. I will just add one plug for something the New Zealand Government is doing which I think is great, where they have a portal where any business can register any technical barrier to trade, so any administrative or regulatory thing that is preventing them that is hurting them in another market and that is open 24/7 and it's digital and they look at it and they use it. And that gives them, that's almost worth more than a single kind of round of roundtables and submissions from academics, but no one knows how to do this right, I'm sorry.

### **Professor Shearer West**

I didn't think they did but that's a very clear answer and thank you, and just following on from that question and I think we've heard a bit about this already but let's just get it clear from Philip and Jilly, how much consultation was there in your experience with UK farmers about the impact of this trade deal?

### **Philip Stocker**

Again I'm quite happy to go first Jilly if you like, but just you know I think it's been absolutely minimal, you know most farmers have learnt about what's going on in the farming press I guess, I would say there's been an attempt to draw some of our organisations into trade advisory groups and that's very welcome, but I'd have to say that they're more like trade information groups rather than advisory groups and if you look at what's coming out from the Australia deal you'd have to say that any advice that I've fed into that group has not been taken into account I'm afraid. But the average farmers I think and agriculture generally has been consulted very, very little I think in terms of the impact or whether they would favour this approach or not, most people feel that they're being sold down the river to be honest.

### **Professor Shearer West**

Right, thank you. Jilly would you agree with that?

### **Jilly Greed**



Sorry, I would absolutely agree with it. I think there has been some discussions with the NFU but I think it's been much more after the event. I'm not sure how much discussion has taken place with DEFRA and I think, and I've also mentioned the British Meat Processors Association and Red Tractor and of course there's a huge amount of market data that the levy boards HDB and Quality Meat Scotland and Welsh Beef also have and representing the lamb sector.

So it's been really disappointing but kind of it's now having agreed the deal in principle now the nitty gritty is really critical and I hope that we'll come on to talk about some solutions on this to reduce the impacts on the British agriculture because in specific sectors it is serious, it is deeply serious because of what is stacking up behind in the other large exporting countries who will expect these volumes and the what I think has now become leniency on animal welfare standards, environment and probably climate change. You know there's some very big gaps on these standards and farm assurances. And also the point I made earlier which is about auditing, it's actually fine to send a form and such like but are those supply chains and are those processes and the product going to be sufficiently audited and checked?

#### **Professor Shearer West**

Thank you very much, in the interests of time Caroline I'll stop there. Thank you.

#### **Caroline Lucas MP**

Thank you so much and my apologies that we are running very slightly over, our witnesses are very excellent and it's hard to stop people because we want the information, but I apologise for that, and I pass over the floor now to Aodhán Connolly.

#### **Aodhán Connolly**

Thank you Chair. Thank you very much to our witnesses today. Dmitry I'm going to ask you a couple of quick ones. Firstly what is the extent that Northern Ireland is affected differently by the new trade arrangements due to the Northern Ireland protocol, or the protocol on Ireland and Northern Ireland to give it its full title. And secondly when Layla was asking earlier on about the effects on consumers and it was mostly around meat and I know that's a huge part of this deal, but will there be other effects for UK and Northern Ireland consumers possible, positives, negatives or will they really see much difference, I'm thinking of things like wine, skincare products, that sort of thing that has been mentioned recently.

#### **Dmitry Grozoubski**

Sure, so again we don't have the full text and so we don't know, but on tariffs the Northern Ireland protocol basically provides two options, where there is a significant difference in the tariff that would have been paid had the thing been going into the EU versus going into the UK, which is what is going to happen here because the UK will be eliminating the tariff and the EU will at least until it gets its deal done which doesn't seem to be sort of anytime soon will maintain that tariff. Because that tariff difference will be over 3% that will be charged to

the goods moving into Northern Ireland, unless if that good is staying in Northern Ireland, the UK Government can pay it on behalf of the importer, that's my understanding of how the Northern Ireland protocol will work.

So effectively for something that you can prove is headed to a Belfast supermarket and then your plate the UK Government has the option within state aid rules to take that onto the public purse rather than passing it onto consumers. But ...

### **Aodhán Connolly**

Will that still fall under reach back then and the de minimus [ph 1:45:13.5]?

### **Dmitry Grozoubinski**

Yes, but so it'll exceed the de minimus because the difference is over 3% I believe, but it is reach back is my understanding. But I am very much in the [inaudible 1:45:25.2] at this, I suspect people in your building would be far better qualified to answer that question.

As to other benefits for Northern Ireland consumers, again I would think probably at the margins the UK's tariffs on a lot of things outside agriculture weren't high and it's unlikely this deal will significantly alter standards directly, so anything that was banned will continue to be banned, anything that was screened will probably continue to be screened to some extent, so I don't know that this is going to be a huge benefit to Northern Ireland consumers from the deal.

### **Aodhán Connolly**

And just because I have an extra minute if you don't mind. On the ... we've talked a lot about tariffs here and about zero-zero and that sort of thing and one of the things, I have it written on the wall somewhere here is zero tariff, zero quota does not mean zero cost. The non-tariff barriers in this haven't really got much of an airing this morning, those non-tariff barriers coming from Australia, obviously there's going to be the ones on food miles and all that sort of thing, will the fact that removing tariffs have a great sort of impact on consumers or will those non-tariff barriers sort of negate some of the tariff wins?

### **Dmitry Grozoubinski**

So I think if anything negates the tariff loss it will be a combination of some of those non-tariff barriers. So for example the hormone ban prevents selling beef with hormones which are cheaper than those without, they're more efficient so that sort of prevents that segment of the Australia market from selling into Northern Ireland or the UK, so it will have that effect. But then a lot of other factors such as just distance, market size, other more lucrative markets elsewhere, so those two will combine. If anything is to combine to undermine it'll be those two things together.

I will say that Australia has been selling all of these kind of products into the UK for some time, just within its existing quotas, so it knows how to navigate these non-tariff barriers and

is able to do it profitably within its existing quota allowances. So clearly the barriers aren't insurmountable.

**Aodhán Connolly**

Thank you very much, thank you Chair.

**Caroline Lucas MP**

Thanks very much Aodhán and then finally if I could come to Geoff Mackey, Dr Geoff Mackey. Who I know has been having a bit of Wi-Fi problems so I hope that he can ...

**Dr Geoff Mackey**

Thank you very much Chair, much appreciated. This morning has been a riveting exposé for a number of topics and as Spike Milligan used to say the difficult questions to finish. Given what we've heard and what there is going forward, I wonder would the panellists like to very briefly suggest, given what we know now about the Australia trade deal, what should happen next, what should happen now. Could we actually start with Séan please?

**Séan Rickard**

Well thank you for that. As brief as I can be, if you take most of what you've heard this morning it has amounted to a defensive policy, an attempt to try and stop what I think is inevitable from happening. If you were to accept my point of view that's forlorn hope, you're not going to stop it for lots of reasons. Instead of a defensive attitude we've got to switch to an offensive one and Dmitry went through a number of options but I think he missed one actually. If our standards are so high in this country and if we believe that our standards appeal particularly to middle class consumers and knowing that there's going to be some four billion middle class consumers around the World by 2030, I really think that if we were serious about helping our industry we would put much more attention towards exporting and we would do that behind a food policy.

You may think we have a food policy, you may think Henry Dimbleby is going to come up with one. I caution against that. We have a nutritional policy, we have a social policy, we have an environmental policy. We do not have a food policy. You know if we were talking about a car industry what we have would be policies looking at yellow lines outside schools or whatever, we are not dealing with the production and competitiveness of our food industry. So my simple answer, I think the chances are very slim, is the Government decides it has to adopt a serious policy towards agriculture in the same way as it is to electric cars.

**Dr Geoff Mackey**

Dmitry, we need to go on the offensive and we need a proper policy, what do you think?

**Dmitry Grozoubinski**

Look, I think Séan's right in the long term, it is an option and I think it's worth pushing the Government to explore how it can support it. I will say though that there is a transition period, opening up foreign markets ... what Séan's talking about isn't just selling UK beef to consumers at the lowest price, that you don't necessarily need to do a whole bunch of marketing work to do, you simply head to the marketplace, I'm over-simplifying but you know you have the lowest price, that speaks for itself. What Séan is talking about is building up a global reputation and a global awareness of that reputation to the point where consumers are prepared, consumers in countries very far away, are prepared to pay more, perhaps significantly more because they trust and they want specifically UK produce because of how good they know it to be. That is not, that is a marathon, it is not a sprint. In some ways I guess it's a marathon you have to sprint because you have to ingest so much work to get there and it's so hard to get there. But there is a long question of what happens before that brand is established and what happens to all of those.

So while I definitely take his point and it's definitely something that's worth looking into there's also the question of what do you do in the interim and what do you do if that roll of the dice doesn't quite pan out the way you hope, given that I think a lot of people here and a lot of the British public have as a policy objective maintaining the British countryside, maintaining British standards of how you treat animals and all of these things. What do you do in the interim and what do you do if it doesn't work.

### **Dr Geoff Mackey**

Thank you Dmitry, Jilly it's quite simple to sprint a marathon, we can move beef, what do you think?

### **Jilly Greed**

So I'm going to talk about our journey and we want to sell high quality beef into our domestic market, and I'm just going to say about what we're doing now, to be sustainable and we've looked at our cost of production, we are now going organic on our grass based beef because we can secure contracts here in retail contracts and food service hospitality for organic beef which will give us up to 80 pence per kilo more than we receive at the moment and on the current base price, and that is our route to sustainability where we can continue to do these great environmental things, regenerative farming, you know zero antibiotic use and looking after hedgerows, trees, silvopasture, orchards, birds, bees, hares, owls, the whole works and be supported by an environment, you know the ELM scheme, the environmental land management. That is our route financially costed to survive, succeed and diversify.

On that product at the moment the only option that I think that we have got for perhaps an export opportunity, and I think this really shows up how individual producers like ourselves and sheep producers, lamb producers, America and kind of antibiotic zero assured beef, which would probably come under, well it would definitely come under Soil Association but also Pastures for Life assurance, certified assurance, that at the moment is probably the most, you know ... consumers will pay premiums for that type of product. That seems to be our only export option.

However, but where do I want to sell because it's about telling our story. I want to be on menus in the hospitality, we've had 100 chefs here on this farm two years ago in Great British Beef week, brilliant. From the big hotel chains, you know the Hiltons, the others, you know from independent, from restaurants, right across the country 100 chefs all day getting close on farms, seeing butchery displays, learning about how we produce our beef. So actually where do we actually need the argument, it is in our domestic market because we need to be close to our consumers, it's about nutrition, it's about protein and it's about sustainability and at the same time downloading loads more carbon and being sustainable. Surely that is the right way to do this, not just import from anywhere in the World below our standards.

### **Dr Geoff Mackey**

Jilly, thank you very much and I'm duty bound because of time and everything else not to pick up on a range of points that you've thrown at me there, frankly I'd like another couple of

hours to explore a lot of the points you've just raised, but not today. Philip as a last comment just to finish off with, given what we've learned on Australia what next for you and yours?

**Philip Stocker**

So I think we need to look at things on two levels. I think that you know we're not facing a particularly, we haven't painted a particularly rosy picture in terms of the Australia deal but all is not over yet, I still think there's a lot of work that needs to be done to try to make sure that the detail of this deal works out in a way that we can live with and we can work alongside. And there are some details that we need to be pushing for. One of those is to try to make sure that the tonnage, the zero tariff rate tonnage that is being given to Australia is worked out on a carcass weight equivalent, so that they can't just fill it with particular specific premium products, so we need to try to secure that. We need to try to secure some terms of controls in terms of whether the product coming in is fresh or frozen, and currently Australia's export into the European Union would be somewhere in the region of 80% frozen and 25% fresh and we'd like to see some controls to maintain that balance because the frozen product is far less likely to compete with our premium products on the marketplace. And in terms of seasonality and when products actually arrive at our shores as well, we should be pushing to make sure that there's a system of licensing, so that we limit the amount that would come in that would compete against our peak seasons of production.

So there are a few things that we need to do to try to make sure that the deal is as limited in terms of its damage on our industry as possible. But then just going back to the points that Jilly made very eloquently really, I think there is a lot that the industry will end up having to do for itself, I think it'll have no choice and that will be about building those closer connections with our public and our consumers, making sure that we maintain and further build our domestic market because we know that that domestic market is the most stable market that we've got in relation to all of our markets, export and import. So we need to do what we can to build and maintain that domestic market and get more loyalty towards our standards of production and we need to continue to build export markets again based on our reputation and quality and high environmental and animal welfare standards.

**Dr Geoff Mackey**

Thank you. David it's been a long morning, it's been an interesting morning.

**Caroline Lucas MP**

Ah! What was he going to say?

**Dr Geoff Mackey**

It's been a riveting morning for some of us, you have the last word. What next?

**David Bowles**

Thanks very much Geoff. I agree with Séan but I think this is, although obviously this is an agreement in principle it's essentially tinkering around at the edges. So what the Government should be focused on is other much more important macro issues and these are in their gift. So Séan says we don't have a food policy, although we will get the Dimpleby Report in two weeks' time, let's see if they produce a food policy from that. We don't have a trade strategy which sounds bizarre but we don't. The trade strategy as far as I can see it is to sign as many FTAs as possible, that's not a trade strategy. So how are we going to get a trade strategy? So, this week is four months since the Trade and Agriculture Commission produced their report, the Government said they would respond to it in due course, I took that to be a month, we are four months down the track and the Trade and Agriculture Commission asked some very, very clear questions and gave clear recommendations. 32 recommendations to the Government and the reason why they haven't responded to that is because they don't have a trade strategy.

What is in the gift of the Government to do, they can sort it out to try and make the impacts of this trade agreement less impactful, so they can sort out their procurement policy. At the moment did you know that our procurement policy does not forbid procurement managers to source from overseas, so Jilly mentioned about Australian beef and lamb possibly going into hospitals and schools, that is perfectly legal. DEFRA know that, they want to change it, so that's a really important thing to change so that we have a good procurement policy. A labelling policy, so DEFRA have said that they will introduce mandatory method of production labelling and they will have a consultation very soon and again this is all about giving consumers information. If you want to have a pure marketplace that operates the consumer needs to make a choice and they need to have that information before they make a choice.

And then finally, the one good thing and I mentioned this earlier, in the model animal welfare chapter which I believe will be one of the best of any FTAs is that Australia and the UK will collaborate at the OIE, at the WTO and other international meetings to get animal welfare on the agenda and you know that will be a good combination. That is a member of the Cairns Group, the food liberalising group as well as the UK, both working together to get these discussions about animal welfare at the WTO and at the OIE and to get these things sorted out and I think that will open up export opportunities. So there are a number of practical things that lies in the Government's gift and I look forward to them taking those measures as soon as possible. Thank you.

### **Dr Geoff Mackey**

Thank you David, stirring words. Thank you for your patience, Chair.

### **Caroline Lucas MP**

Thanks so much Geoff and let me thank everybody for their patience, I do apologise that we've run over 15 minutes but it was just such a stimulating session with so much information, personally I have learnt so much and so I just really want to thank our witnesses so very, very much and we'll make sure that your evidence absolutely is reflected in the recommendations that we make and in our voices to Parliament and Government because I think if we were worried about the trade agreement before we started this session, again speaking for myself I am positively alarmed now. I know that the impacts as we've heard throughout the morning session are likely to be hitting the devolved nations more than most

and I know that that will be a big issue that we want to come back to in a dedicated session in the future on the devolved nations. But a big thank you again to all of you it's been a fascinating session.