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WWF Parliamentary Briefing - Environmental Standards and a UK-Australia Free Trade Agreement

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KEY POINTS

- Global Britain as a force for good requires the UK to build world-leading trading relationships that make us a stronger and more resilient, greener nation, one that is leading in agriculture and supporting industries of the future, not aligning with laggards on climate and nature.
- As hosts of the G7 and presidents of COP 26, signing a substandard deal for climate and nature through a second rate Australian trade agreement would jeopardise the UK government's world-leading plans to support sustainable farming and green global supply chains.
- The government championed their ongoing commitment to 'protecting the natural world' and 'the highest standards of animal welfare' in the Queen's Speech. It therefore should not reward a backmarker on global climate action with a deal that undermines high UK standards on the environment and animal welfare by forcing UK farmers to compete with outdated models of agricultural production.
- If the UK's gives its biggest prize, tariff and quota free access, to Australia for environmentally damaging produce, it sets a dangerous precedent for future trade deals. This would be of particular concern in areas such as South America where rapid deforestation, primarily as a result of agricultural production, is driving the global climate towards dangerous tipping points.
- Zero quota and zero tariff access to the UK market should be reserved for agricultural systems operating on a par with the UK's climate policies, its commitment to restore nature, and its high environmental and animal welfare standards.
- Australia has the highest rate of deforestation in the OECD, uses 71 hazardous substances that are currently banned in the UK, and is one of the worst performers in tackling climate change. Tactically the UK should use the promise of trade deal to drive Australia ambition on an NDC, not agree the substance to early.
- The government should prioritise responding to the recommendation of the Trade and Agriculture Commission to establish in law a set of core standards for the environment, animal welfare and good safety. They should consider delaying agreement of any trade deals until those core standards are in place.
- The role of Tariff Rate Quotas should also be given serious consideration as a stop-gap measure until core standards can be developed.

BACKGROUND

- The UK government is rumoured to be preparing to finalise a comprehensive free trade agreement with Australia. It is our understanding that the Department for International Trade is seeking a rapid conclusion to negotiations to agree a deal by the G7 summit in June 2021.
- To speed negotiations to a conclusion, DIT plan to accept the Australian government's demand for tariff and quota free access to the UK market for agricultural products, including beef and lamb.

THE PROBLEM

- In a crucial year for climate and nature, a substandard deal with Australia would make a mockery of the UK government's world-leading plans to support sustainable farming and green global supply chains. The government should not reward a backmarker on global climate action with a deal that undermines the UK's efforts to green our agriculture by forcing UK farmers to compete with outdated models of agricultural production.
 - o Australia has the highest rate of deforestation in the OECD, the rate of tree cover loss rose by 34% between 2016 and 2018, and it is largely driven by the livestock industry.
 - o Australian agriculture uses 71 highly hazardous substances, and thousands of other pesticides, that are banned in the UK, including neonicotinoids, which kill the pollinators at the root of our food system.
 - o The Climate Change Performance Index ranks the UK as a top performer in measures taken by the 60 largest emitters to tackle climate change – 5th in the world, while Australia is at the bottom at 54th.
 - o DIT's own **scoping assessment (p.71)** of their strategic approach to a UK-Australia FTA recognises Australia as a backmarker on agriculture standards in the Environmental Performance Index – with significantly worse performance than the UK and the OECD average.
 - o The scoping assessment also confirms that the overall economic uplift from full tariff liberalisation would be around 0.02% of UK GDP, or £500 million. The government should consider whether this is worth it given the possibility of undermining the UK's global reputation for high environmental standards.
- **If the UK gives its biggest prize, tariff and quota free access, to Australia's environmentally damaging produce, it sets a dangerous precedent for future trade deals.** Other nations and trade blocs will demand equal treatment as the price of a trade deal. With groups such as Mercosur this would be of particular concern as deforestation primarily as a result of agricultural production is driving the Amazon and the global climate towards dangerous tipping points.
- The government is yet to respond to the recommendations of the independent Trade and Agriculture Commission, which set out a series of measures, including core standards, that should be implemented to guarantee UK standards are not undermined in new trade deals. A zero tariff, zero quota free trade agreement with Australia would undermine those recommendations before government has even responded to them, and would be in breach of the 2019 manifesto commitment that 'we will not compromise on our high environmental protection, animal welfare and food standards'.

THE SOLUTION

The UK's commitment to net-zero GHG emissions, and announcement to set legally binding targets to restore nature, mean it is not enough for trade deals to simply maintain existing food safety and animal welfare standards. We must not allow changes in UK production practices to result in offshoring production to nations with low environmental performance.

- The Trade and Agriculture Commission recommended that the government should set in law minimum environmental core standards for all produce sold in the UK – establishing a baseline of fair competition for UK producers and those overseas. We agree with them. The government should prioritise responding to the recommendations of the TAC, and should consider delaying agreement of any trade deals until a process to set those core standards has been established.
- The UK's independent setting of core standards, tariffs and quotas is a huge opportunity to export the UK's values – as set out in the **Queen's Speech Lobby Pack (p.15)**. New free trade agreements should support measures for a global transition to more sustainable agriculture, and align with the government's desire to promote shifts in agriculture subsidies at COP26.
- Core standards would send a clear signal of the UK's desire for global leadership on environmental standards, set a powerful precedent for future trade negotiations, and support the government's aim of exporting our values. Crucially, this approach would be in line with WTO rules so long as standards were applied equally to producers in the UK and overseas.
- The government is rightly proud of the opportunities to sell high quality, high standard food around the world – but we also need to ensure those same standards apply at home. We should not create a two tier system for food. To be sold in the UK, food must meet equivalent standards to those we require of our own farmers.
- The government must send a clear message to Australia, and the rest of the world, that we will not participate in a global race to the bottom that trades away our planet. Zero quota and zero tariff access to the UK market should be reserved for agricultural systems on a par with the UK's climate policies, its commitment to restore nature, and its high environmental and animal welfare standards.
- The role of Tariff Rate Quotas should also be given serious consideration as a stop-gap measure until core standards can be developed. This approach would allow a certain quantity of produce into the UK each year before tariffs were applied and enable the UK to hold back quota free access for the highest standards of environmental production we want to encourage. Such an approach would require careful consideration, and should not be considered a replacement for standards established in law.
- Creating core standards will not be an overnight job, any new standards introduced need to be brought in with enough time, information, a clear process for farmers wanting to sell into the UK, and dedicated support for developing countries to adapt to meet them. The point of environmental standards is not to throw up barriers to trade but to ensure even treatment between domestic and foreign producers so governments can use policy to ensure UK demand is improving standards of production at home and overseas.

More details can be found in **WWF's briefing** on developing a twin track approach on environmental standards for trade and agriculture.

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