

UK FARMING ROUNDTABLE

STATEMENT ON THE UK'S FREE TRADE AGREEMENT NEGOTIATIONS

In light of recent updates from the government with respect to trade negotiations with Australia and New Zealand, and given the particular sensitivities relating to agriculture within those negotiations, the UK Farming Roundtable met this morning to discuss the latest developments and outlook for UK trade and agriculture.

Members of the Roundtable reiterated their support for the UK government's stated objective to secure broad liberalisation of tariffs through their current free trade agreement (FTA) negotiations, on a mutually beneficial basis, while taking into account UK product sensitivities, in particular for UK agriculture.

The Roundtable also welcomed the commitment in the government's recent Animal Welfare Action Plan to make use of the most suitable tools available in safeguarding our high environmental protection, animal welfare and food standards in all its trade negotiations and endorses the commitment that UK farmers should not be undercut by unfair competition.

However, the Roundtable also noted that counterparties to the current FTA negotiations continue to push for unrestricted market access through the complete elimination of tariffs across all agricultural sectors in the UK. Additionally, the suggestion that negotiators are now in a "sprint" to finalise the details of a UK/Australia FTA gives rise to concerns that the UK will come under pressure to make serious and potentially damaging concessions in order to meet the expedited timetable.

Therefore, the Roundtable has confirmed its support for the UK government's stated negotiating objectives for future FTAs. In particular, we urge the government to continue to stand up for UK farmers in all of its negotiations by:

1. **Recognising sensitive UK sectors of primary production** within the broader context of a general approach to liberalising tariff lines. Within the context of the two most advanced FTA negotiations (Australia and New Zealand) this relates in particular to our beef, dairy, sheep and sugar sectors. While some additional market access and tariff liberalisation in these sectors is expected, it should not put their future viability in the UK at risk. Demands for the UK to agree a binding, unconditional commitment to fully liberalise tariff lines in these sensitive sectors should be resisted, as should demands for excessive quota concessions which would have the same effect.
2. **Maintaining tariffs and using appropriately sized tariff rate quotas (TRQs)** to balance the government's desire to offer tariff liberalisation while safeguarding sensitive sectors. In addition, clearly actionable safeguard clauses should be included where increased imports are likely to cause damage within certain sectors. We note the UK government's positive response to its recently-concluded FTAs with markets such as Japan and Canada, which make good use of TRQs, including the adjustment of volumes over time, alongside safeguard clauses triggered above certain thresholds. We believe these provide a helpful template for balancing liberalisation of tariffs with effective safeguards for sensitive sectors.
3. **Ensuring costs and benefits are properly balanced in our FTAs**, so that they are genuinely, mutually beneficial. Preferential access to our hugely prized agri-food markets must only be conceded if sufficiently matched by the opportunities in the counterparty's market for UK businesses. Access to the UK market for overseas exporters is hugely valuable, and UK

negotiators should not concede more than is required to properly reflect the benefits secured in favour of the UK. In particular, the value of liberalising tariff lines by each party should be properly weighted. Given the UK market is far bigger than those of the countries we are currently negotiating with, and our current Most Favoured Nation tariffs are comparatively higher on agricultural goods, UK negotiators must leverage the fact that tariff liberalisation in the UK is often significantly more valuable, pound-for-pound, than liberalisation in the other direction.

4. **Upholding our high standards of production.** The government has been clear that it is committed to upholding our high environmental, labour, food safety and animal welfare standards in its trade deals. Our FTAs should include novel and ambitious commitments in these areas, driving change and signalling UK leadership on the global stage on food and farming standards and on rising to the challenges of climate change. Our government should not be rewarding other countries with access to our markets who do not share the same environmental and climate ambitions. Furthermore, we urge the government to accept the recommendation of the Trade and Agriculture Commission to urgently establish a set of “core standards” that form the basis of a values-based trade policy that is world-leading in its ambitions on climate change, animal welfare and sustainable food production.
5. **Establishing positive precedents that support UK farmers and the UK’s global policy priorities.** The next FTA to be concluded - likely to be with either Australia or New Zealand - will be the first entirely new trade deal the UK has struck as an independent trading nation since leaving the EU. It will serve as a template and a model for the UK’s future FTAs. Concessions granted, for instance through tariff liberalisation, will be demanded to an equivalent degree by future trading partners seeking FTAs. Equally, strong commitments in areas like animal welfare and climate change will make it far easier to secure similar commitments with other partners in future.

In reinforcing our support for these principles, the Roundtable wishes to draw particular attention to the following points:

- We welcome the government’s levelling-up agenda and its commitment that “any deal the UK agrees will be fair and balanced and in the best interests of the whole of the country.” We wish to emphasise that levelling-up encompasses all of the UK, including our rural communities across all four nations of the Union. Farming is often at the heart of these fragile communities, and trade deals that threaten the future viability of some sectors would run directly counter to the government’s vision. We also agree that our trade policy must be focused on benefiting both UK consumers and UK businesses, including farmers and growers. While UK consumers already enjoy some of the most affordable food in the world, farming livelihoods, particularly those in some of the more disadvantaged, rural areas of the UK, should not be put at the risk for the benefit of foreign businesses.
- The UK government is negotiating trade deals with major agricultural exporters (e.g. Australia, New Zealand and the USA). The cumulative impact of the preferential access granted in each of these FTAs has the potential to have enormous impact on farmgate prices in the UK across all sectors. Tariff liberalisation in each should therefore be calibrated in view of the accumulated liberalisation across all our FTAs.
- UK farm businesses are ready to work with government in improving their productivity and their competitiveness, to compete against farmers across the world as we liberalise trade and take advantage of the export opportunities these deals provide. However, differences in approaches to farming and costs of production will inevitably put downward pressure on farmgate prices

where our FTAs liberalise access to the UK market, even where imports are competing with other overseas producers. The government should ensure adjustment policies are in place to assist farmers in competing in this new trading environment. Furthermore, the government must guarantee sufficient investment in future support schemes, for instance via its Environmental Land Management Scheme and separate productivity schemes, to ensure farms are not penalised in the marketplace in meeting high environmental and welfare standards.

- It is clear that there is widespread support across the UK for an independent trade policy that has the safeguarding of our standards at its heart. This means ensuring not only that imports meet our own high standards of production, but also that trade policy and domestic policy work in tandem to underpin those standards. We should be careful that increased imports and downward pressure on farmgate prices do not lead to farmers either falling by the wayside or attempting to go toe-to-toe with overseas producers who gain a competitive advantage through production methods that are not acceptable to the UK public or are even illegal in the UK - for instance through employing feedlot systems or largescale, long-distance exports of live animals. The UK government must establish the new statutory Trade and Agriculture Commission, which will scrutinise trade deals for their impact on standards prior to ratification, as a matter of priority.

The government has stated that throughout the process of negotiating trade deals it will engage stakeholders to ensure their views inform their approach to negotiations. We urge the government to share, as a matter of priority, its approach to market access offers in sensitive sectors with members of the UK Farming Roundtable. We look forward to working in partnership with the government and negotiators in the weeks ahead in securing our first genuinely new trade deals for the benefit of UK consumers and farmers alike.

Notes:

1. The UK Farming Roundtable met and agreed this statement on Monday 17th May
2. The following organisations constitute the UK Farming Roundtable

- British Egg Industry Council
- British Poultry Council
- Commercial Farmers Group
- Country Land & Business Association
- LEAF
- Livestock Auctioneers Association
- National Beef Association
- National Federation of Young Farmers Clubs
- National Pig Association
- National Sheep Association
- NFU
- NFU Cymru
- NFU Scotland
- Royal Association of British Dairy Farmers
- Scottish Land and Estates
- Soil Association
- Sustainable Food Trust
- Tenant Farmers Association
- Ulster Farmers' Union