

Think of the animals: Welfare considerations of the UK–Australia Free Trade Agreement

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This Policy Spotlight considers the animal welfare implications of the UK–Australia Free Trade Agreement.

Key Takeaways

- The 2022 Free Trade Agreement (FTA) between the UK and Australia is the first "new" trade deal following the UK's exit from the EU.
- The FTA increases quotas and lowers tariffs for dairy, beef and sheep products, and all restrictions on trade removed after 15 years.
- Australia has lower standards of animal welfare than the UK, but has lower costs of production, so imported products will compete on price with those produced here.
- Higher welfare UK animals would then be replaced with (often) lower welfare Australian animals.
- Failure to protect UK producers from imports which do not meet our standards sets a worrying precedent for future (Canada, Mexico) and potentially larger trade deals (CPTPP* or USA).
- This and future trade deals provide export opportunities, but these are far from offsetting the loss of friction-free EU single market access.



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Introduction

The first new trade deal following the EU exit is the 2022 Free Trade Agreement (FTA) between the UK and Australia. Australia is a major exporter of sheep and cattle products, and tariffs and quotas which restrict their import to the UK will be lifted under the FTA, potentially displacing higher welfare home-grown UK production. Tariffs or quotas for pigs and poultry are unchanged.

Australia has less stringent animal welfare regulations than the UK across the livestock sectors. Welfare issues of concern in Australian beef cattle include longer transport times, hot iron branding, feedlots without shade, drought in marginal pastureland, and the large scale of farms resulting in stress when animals are gathered.

Other ethical concerns in beef include deforestation and use of hormones. Issues of transport and scale also affect sheep, and the controversial Australian practice of cutting skin near the tail to reduce flystrike (mulesing) affects sheep reared for wool.

Increased imports may initially be small, as Australia's major export focus is on the Asian market, but geopolitics could alter that in future. Future concerns include loss of trust and trade with the EU around lowered standards, and the precedent this sets for possible deals with other countries.

First 'new' deal is "not very good" Lower animal welfare standards

The UK government's free trade agreements (FTAs) with Australia and New Zealand are the first deals signed post EU exit which do not simply roll over existing deals we had as EU members. The regulation of farm animal welfare in New Zealand is comparable to that of the UK³ so our focus here is on the Australia FTA.

The UK-Australia FTA has been condemned by the NFU^{12,15}, the BVA⁵, the RSPCA¹⁷ and WWF²¹. The Former Defra minister George Eustice admitted in a parliamentary debate on 14/11/2022 that "...the Australia trade deal is not actually a very good deal for the UK, which was not for lack of trying on my part."¹³. The UK government has defended the deal^{8,20}.

Likely impacts on trade

There are no changes to the tariffs or quotas for pork, chicken, eggs or wool, so no expected change in trade¹⁹. However, increased exports are expected of beef and sheep, of which Australia is a major exporter¹², as well as fish, crustaceans and molluscs¹⁹.

The UK government⁸ states that UK exporters of pork and dairy products to Australia could benefit from tariff reductions (from 5% to 0%, and 20% to 0% in the case of cheese; Australia is a net importer of cheese), and the FTA includes protection for regional names (e.g. Welsh lamb, Cornish clotted cream etc).

Modelling by AHDB² (Agriculture and Horticulture Development Board) suggests the scale of the increase in beef and sheep products imported to the UK will be small (3% and 12% of current imports respectively), and likely replacing imports from other sources. Time-limited quotas and tariffs will limit the scale of this trade for the first six years (dairy) or 15 years (beef and lamb)⁸.

However, this could grow if the global trading environment changes, for example if Australian exports to USA or China were reduced. Australia is a major exporter of beef- 1400 KT annually, with ~200KT each to China and USA. These volumes are considerable compared to UK production of 900KT and 362KT imports².

Australian sheep and cattle farms are quite different to those in the UK. They are often much larger in scale and can be on semi-arid marginal land, prone to drought. Inspection of stock is infrequent and gathering stock- 'mustering' can be a major operation involving land and air vehicles driving animals over tens of kilometres, risking exhaustion, dehydration, and heat stress¹⁶.

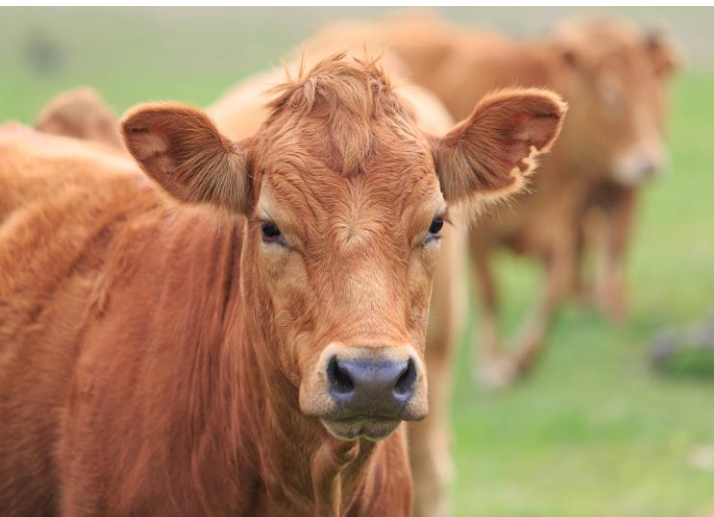
Australia's animal welfare standards often vary between states, but several practices which are not allowed in the UK are permitted in Australia. These include longer transport times. For beef cattle: rearing animals in large-scale feedlots without grazing or shade^{12,16} and painful hot iron branding of cattle, which is mandatory in two states. For sheep: cutting away the skin at the hindquarters (mulesing), usually without pain relief is common in Merino (wool) sheep. Stunning prior to slaughter is not required.

Confinement housing systems for pigs and poultry banned in the UK and EU are allowed in Australia, but tariffs and quotas are unchanged in the FTA¹⁹.

Impact on animal welfare

The FTA covers welfare, with the signatories agreeing 'to work together internationally to raise animal welfare standards', recognising animal sentience and sharing expertise²⁰.

The UK government's independent Trade and Agriculture Commission (TAC) is tasked with scrutinising the animal health, welfare, and environmental impact of trade deals. Its report¹⁹ suggests that FTA does not require either the UK or Australia to reduce (or raise) their welfare standards. It also concludes that Australian animals for export to the UK would not be subjected to certain poor welfare practices that occur there: EU and UK rules require electronic ID of imported animals (so hot branding is not required), export of animals not stunned at slaughter is also not allowed. However, the TAC concedes that imports of wool from sheep which have been mulesed is likely, although there is already zero import duty on wool. They concede that a 'low risk' exists that cattle or sheep which had longer transport times could be imported.



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Likely impact on the welfare of UK farm animals

Although UK standards are unaffected, cheaper imports could lower prices for UK farmers. This could encourage cost savings such as reductions in staff per animal or depress production meaning that higher welfare UK animals would be replaced with (often) lower welfare Australian animals, thus impacting on UK food security.

Global heating uncertainty

Australia's climate is becoming hotter and dryer, impacting on farm productivity and profits, and more frequent droughts affect already marginal land¹. Their ability (and that of other major exporting countries) to adapt to climate change could impact production, prices and trade flows in ways which are difficult to predict. The beef industry in Australia has been linked with deforestation^{4,9,18}.

Stepping-stone to the CPTPP

The UK government states that the deal is a gateway to the UK joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – spanning 11 Asia-Pacific countries – which would provide further export opportunities particularly for beef and lamb^{8,20}. In oral evidence to the EFRA committee, Sarah Baker of AHDB emphasised the market opportunity of the CPTPP to export high quality food products to the growing middle classes in Asia¹¹.

However, the scale of these opportunities are tiny compared to the loss of easy access to the EU single market, and there is a risk of further divergence from EU standards, making trade with the EU more challenging.

UK negotiations to join CPTPP which began in June 2021⁷ were concluded just before we published this document.

Setting a precedent

The EU aim to protect the integrity of the single market, and the Brexit deal includes agreements on rules of origin which place some constraints on the labelling of food ingredients and processing. Put simply, the EU seeks to avoid food products entering the single market via the UK which were raised under lower standards under a 'false flag.'

The NFU and others have expressed concerns that the failure of this deal to protect UK farmers against imports from a country with lower standards than ours sets a worrying precedent for maintenance of UK farm standards in future deals with (for example) Brazil, Mexico, Canada, USA and the CPTPP. In doing so, the FTA goes against the Conservative's 2019 manifesto commitment⁶, the TAC's 2021 report¹⁸ and independently commissioned 'National Food Strategy'⁹ suggestion of 'giving preferential tariffs to food products which meet our core standards' (on environment and animal welfare).

Recommendations:

- Trade policy is reserved to the UK government but agriculture is devolved. The Scottish Government is free to design farm support as they see fit, to various sectors including beef and sheep, offsetting some of the impact of cheaper imports.
- The prospect of other new (UK-CPTPP) or future (e.g. USA) deals which could impact negatively on the UK livestock industries should be monitored.

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