

## NFU International Trade Update – July 2022

### Key Developments – International

#### MC12 marks progress on global food security

The eventual [conclusion of the 12<sup>th</sup> Ministerial Conference of the WTO](#) on 17 June saw unprecedented commitments to progress on tackling global food insecurity. Spurred by the statement presented by the World Farmers Organisation (WFO) at the outset of the conference, published in conjunction with the NFU, delegates presented a declaration on the importance of trade in addressing food security crises and extended tariff suspensions on food for charity. Whilst falling short of agreeing a programme of commitment for agricultural support reform, the very inclusion of discussions on this plane was unexpected and set a positive precedent going into the 13<sup>th</sup> iteration of the conference next year.

#### UK joins Sustainable Productivity Growth Coalition

On 23 June Defra announced that the UK would join the [Sustainable Productivity Growth Coalition](#) (SPG) – an international group of countries, academic and research organisations and trade bodies that aims to improve agricultural productivity in an environmentally sustainable way. Launched in 2021 at the United Nations' Food Systems Summit, members include the governments of the USA, Australia, Brazil, Canada, New Zealand, the EU and the UN Food and Agriculture Organization. It is also supported by a raft of academic institutions and trade bodies representing industries including grain, dairy and livestock from all over the world. Convened by the United States, membership of the coalition is considered by many as an opportunity to strengthen transatlantic ties and enhance the mandate for greater trade cooperation.

#### Joint outcome statement on round 4 of trade negotiations with India

On 24 June, India and the UK concluded the fourth round of talks for an [India-UK Free Trade Agreement](#) (FTA). For this round of negotiations, detailed draft treaty text was advanced across the majority of chapters. Technical experts from both sides came together for discussions in 71 separate sessions covering 20 policy areas. The fifth round of negotiations is due to take place in July 2022 in New Delhi. The target remains to meet a Diwali deadline for the conclusion of negotiations, although there are some suggestions that this may slip. The team is in close contact with the leads in DIT and has been briefing them on the UK agriculture sectors' interests and challenges in this negotiation.

#### Joint statement on launch of trade with the Gulf Cooperation Council

On 22 June, [FTA negotiations were launched between the UK and the Gulf Cooperation Council](#) (GCC). Building upon close ties between the two sides, the UK-GCC FTA is expected to further strengthen bilateral economic relations and our strategic partnership. The first round of negotiations is scheduled for later this summer. An FTA with the GCC holds considerable opportunities for UK agriculture, most notably in lamb and dairy, provided it accounts for the huge number of non-tariff barriers that remain the greatest inhibitor to trade. There is no target for a conclusion to negotiations, with the GCC a notoriously divided trading bloc and different perspectives likely to present numerous delays. In the meantime, the UK is likely to pursue a strengthening of bilateral ties with individual GCC members, in particular Saudi Arabia.

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## Transatlantic trade talks continue

On 22 June [UK-US trade talks continued](#) with a meeting of over 75 small and medium enterprises from either side of the Atlantic. The 5th SME Dialogue in Boston follows previous SME Dialogues before the pandemic and highlights the ongoing commitment from both countries to supporting and enhancing UK-U.S. SME trade, including those owned by under-represented groups and women entrepreneurs, and those in disadvantaged communities. Continuation of SME dialogues are considered by many as a valuable opportunity to pave the way for greater trading relationships with the US. UK overtures for an FTA with America were granted encouragement by the introduction of the [SPECIAL RELATIONSHIP Act](#) into the senate which will provide a fast-track to approval for any deal negotiated by the UK and the US. The team works closely with Defra to identify further opportunities at federal level. If there are any businesses in your region that trade with US states or would like to, please get in touch with Sam Williamson (Samuel.Williamson@nfu.org.uk).

## UK-Thailand JETCO

On 21 June, DIT announced the conclusion of the first [UK and Thailand Joint Economic and Trade Committee](#) (JETCO). The JETCO offers a significant new opportunity to improve bilateral trade, including by addressing trade barriers affecting business activity in both countries. Agriculture figured prominently with ministers welcoming an agreement to sign a Memorandum of Understanding between the Thai Ministry of Agriculture and Cooperatives and the UK Department for Environment, Food and Rural Affairs to establish a Government-to-Government Agriculture Dialogue. This will be an annual technical dialogue to tackle market access, promote policy exchange, and develop further areas for collaboration.

## Key Developments – UK

### TAC report on New Zealand

On 30 June the Trade and Agriculture Commission released their report into the [FTA between the UK and New Zealand](#). The report found that the provisions of the agreement as they relate to agriculture were consistent with the maintenance of UK levels of statutory protection with regards to animal and plant health, animal welfare, and environmental protections. Their investigation concluded that in rare circumstances where standards do differ, New Zealand exports were unlikely to be destined for the UK market and would remain subject to the UK's WTO rights to regulate imports in order to address harms caused by those different practices and production conditions. The NFU's concern regarding the trade implications of the deal, and the threat posed to domestic farmers by a potential influx of New Zealand product are not part of the TAC remit. However, it is reassuring that the agreement, inclusive of its comprehensive chapter on environmental engagement, will reinforce rather than undermine the UK's leading agricultural standards.

### IAC & ITC publish reports on trade deal with Australia

The [International Agreements Committee](#) and [International Trade Committee](#) have both published their reports into the FTA with Australia. Both reports cite concerns around the scale of liberalisation of agricultural products. The ITC singles out the insufficiency of retained safeguards and the excessive size of product quotas as key areas for concern, whilst the IAC highlights the potential for the UK-Australia Joint Committee to constrain the UK right to regulate and the potential cumulative effects of this agreement and other FTAs on UK farmers and the agricultural sector as potentially problematic. Both committees are cautious that the UK-Australia deal may set a precedent going into future negotiations, weakening UK negotiators capacity to acquire protections for sectors such as agriculture. The ITC report in particular calls for a comprehensive trade strategy setting out how individual trade

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agreement negotiations serve its broader strategic vision, arguing that without an understanding of trade objectives its impossible to scrutinise the relative merits of agreements.

## **'Bonfire of Barriers' to unlock billions in export opportunities**

On 30 June, DIT launched a new [drive to demolish bureaucratic barriers to international trade](#), opening up markets worth tens of billions for businesses across the UK. A hit list of around 100 priority issues around the world currently blocking British trade has been drawn up and targeted for resolution by departmental specialists. The NFU engaged actively in helping guide which barriers constituted the most pertinent to British agriculture and offered the greatest potential for swift export returns. Top ambitions include opening the Chinese market for UK lamb for the first time, unlocking markets worth £1.5bn, and removing restrictions on UK beef for the first time into South Korea, opening up markets worth £2.5bn. This latter target is expected to be resolved within the next 5 years.

## **Key Developments – NFU Activity**

### **Northern Ireland Protocol Bill engagement**

With the NIP Bill making its way through Parliament's scrutiny, Defra is undertaking an intense 2-month period of industry engagement on the Northern Ireland Protocol / Northern Ireland Bill and specifically the development of the new approach the UK intends to unilaterally implement if negotiations with the EU continue with the current impasse. NFU Cymru has taken part in some of those sector-specific workshops. The new arrangements are untested and propose a Dual Regulatory Regime for products moving from GB to NI depending on their final destination (i.e. staying in NI or entering the Single Market).

### **Defra Geographical Indications Conference**

On 15 June the NFU International Trade team attended a Defra conference on Geographical Indications (GI). Defra presented the UK's new GI logos and unveiled their plans to triple the number of protected products, starting with the announcement of GI status for Sussex wine. The conference highlighted a willingness from Defra for more applications to the scheme, promising comprehensive support for applicants and even offering to supplement application to the EU GI catalogue. Defra insisted that expansion of the GI programme represented a key pillar to expanding the export opportunities for UK food and drink abroad. The success of Welsh lamb in evoking an emotional connection to their product through successful promotion of GI origin and 'place' was presented as a template for future success.

### **NFU submit response to consultation on trade with Switzerland**

On 22 June, the NFU submitted its response to prospective trade negotiations with Switzerland. We welcome the government's intention to open negotiations with Switzerland in 2022 to enhance our trading arrangements, believing that the mutual lowering and removal of tariffs for UK exports of food & drink, making it easier for UK companies to do business with Swiss customers, as well as deepening our bilateral relationships in important shared policy areas, should all be key priorities and objectives of UK negotiators. Key opportunities for UK exports exist in meat, dairy, horticulture, and crops. The only threat of note is presented by Swiss cheese, although this threat will be offset by the achievement of mutual access for UK products of most interest to our food & farming sectors.

### **Core environmental standards roundtable**

On 14 June, the International Trade team attended a World Wildlife Fund roundtable on core environmental standards. The event [preceded the launch of a final report on the subject – expected in September- following the release of a preliminary think-piece in January](#). The NFU are supportive of the objectives of the research which states the case for market protection against products which don't meet

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a set of core environmental standards. The NFU has been calling for the establishment of core environmental standards with the potential to act as a safeguard against products produced to lower standards likely to distort the UK marketplace and undercut British producers. Such a move would strengthen the domestic market and support UK farmers in their ambition to reach net zero by 2040.

## **Defra agri-food trade team virtual ‘walk the supply-chain’**

On 29 June the NFU hosted the Defra agri-food trade team on a virtual ‘walk the supply-chain’ on moving meat around the globe. The tour included contributions from Oli Lee, NFU Livestock board member and beef farmer, Peter Hardwick, Trade Policy Advisor at the BMPA, Katrina Walsh, Policy Director at IMTA, and Phil Hambling, speaking from his experience as former Agriculture Manager at Sainsbury’s. The event was intended to supplement Defra officials understanding of the procedures involved in taking raw products from farmers’ fields to consumers kitchens, ensuring that key policy makers understand the background to our asks as they relate to improving the efficacy of supply chains and facilitating export growth. We continue to build on our positive relationship with the Defra agri-food trade team.

## **DIT visit to Muller and Joseph Heler cheeses**

On 6 July, NFU Cymru joined the NFU International Trade team and the Dairy Team to host officials from the Department for International Trade at Muller’s butter plant in Market Drayton and Joseph Heler cheeses. Muller and Helers both presented on their current export markets and the potential for growth in intermediate and finished commodities. This prompted a good discussion on how the DIT and industry stakeholders can work together to identify barriers to trade in new and existing markets and unlock opportunities to grow exports of British product across the globe. DIT were also able to tour the butter and cheese factories and learn about the process from field to plate with NFU Dairy Chairman Michael Oakes and NFU Cymru Dairy Chairman Jonathan Wilkinson reinforcing the work and key asks of our dairy export strategy document.

## **DIT and Defra briefing sessions**

The team has been briefing DIT officials on offensive and defensive interests of the UK agriculture sector in the CPTPP negotiations. We had similar discussions with Defra on the newly launched negotiation with Mexico. We have highlighted where the sensitivities lie from our perspective and the differences in the production systems.

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