

House of Commons:

INTERNATIONAL TRADE COMMITTEE

UK Trade Negotiations: CPTPP Accession

Call for written evidence:

**Submission from the Agriculture and Horticulture Development Board
(AHDB)**

26 April 2022

AHDB

AHDB is a statutory levy board funded by farmers and others in the supply chain. Its purpose is to be a critical enabler, to positively influence outcomes, allowing farmers and others in the supply chain to be competitive, successful and share good practice. AHDB equips levy payers with easy-to-use products, tools and services to help them make informed decisions and improve business performance.

Established in 2008 and classified as a Non-Departmental Public Body (NDPB), AHDB supports the following industries: meat and livestock (Beef, Lamb and Pork) in England; Dairy in Great Britain; and Cereals and Oilseeds in the UK.

Please note: As an evidence-based non-departmental public body (NDPB) AHDB is not in a position to comment/speculate on all questions relating to this inquiry.

AHDB welcomes the opportunity to provide written evidence to the committee and would be happy to provide a witness to give further information at future oral evidence sessions.

Summary

AHDB's inquiry submission details:

- Opportunities presented to the UK agricultural sector, particularly meat, dairy and processed western foods
- The impact on Rules of Origin, Food Standards and Geographical Indications

Inquiry questions and AHDB's response

1. ***How are the terms of the UK's accession to the CPTPP likely to affect you, your business or organisation, or those that you represent?***
2. AHDB occupies a unique place in the network of organisations that support agriculture in the UK, with a mission is to make a real and visible difference for farmers, growers and processors by helping to enable their success in a rapidly changing world. International market development remains one of the cornerstones of our work and has continued to flourish in a post-Brexit environment which has also been disrupted by the impact of COVID-19.
3. The CPTPP collaborative trading bloc of 11 Pacific nations including Australia, New Zealand, Canada and Japan was worth £8.4 trillion in 2020. Demand for high-quality products including meat and dairy will be driven by the rising middle classes in Asia which will be home to two-thirds of the global middle class by 2030. With trade patterns being dominated by rapidly expanding demand, access to these markets will be critical as the UK aims to realise its global trade ambitions.
4. Joining the CPTPP will undoubtedly save time and effort by enjoying free trade deals with a group of countries, rather than having to negotiate separate bilateral trade deals with each one. However, as the UK already has trade deals in place for seven of the 11 countries, and this will increase to nine once the Australian and New Zealand agreements come into force in 2023. The only free trade relationships the UK will gain on accession to the CPTPP are those with Malaysia and Brunei. The original seven agreements already in place are rollover agreements from EU Exit, so it is reasonably expected that market access with these partners will be enhanced through membership of the CPTPP. In contrast, the two new FTA's with Australia and New Zealand both have a stipulation that accession to CPTPP will not enhance market access further.
5. ***What are the potential impacts of an agreement on particular sectors of the economy?***
6. For the Agricultural sector, CPTPP represents an opportunity, in contrast with the agreements already signed with major agricultural exporters. The rapid growth of the affluent middle class within the CPTPP countries creates a rapidly expanding demand for meat, dairy and processed western foods. The rate of the expansion in demand means that there may significant opportunity for the UK to compete in these markets going forward.
7. Currently, UK agricultural exports to CPTPP countries amounted to nine per cent on average in value terms between 2017 and 2019. This figure includes food, feed and beverages. Drilling down to individual sectors, beef three-year average exports were worth around £5m, pork three-year average exports were worth £8.5m and sheep meat three-year average just under £2m. In addition, the five-year average value for cheese exports to CPTPP countries was £19m (Source: HMRC). As demand increases in the region, this trade could expand significantly despite strong competition from New Zealand and Australia, as these major producers are unlikely to be able to expand supply sufficiently to satisfy this rapid increase in demand. In addition, there is the potential for new members joining CPTPP over time which increases the scope of this opportunity. The opportunities for cereals and oilseeds are much lower in value at the commodity level.
8. ***What are the potential impacts of an agreement on social, labour, environmental and animal welfare issues?***
9. Rules of Origin: A country can export products that may contain materials originating in other CPTPP countries to another CPTPP member and still qualify for preferential tariff rates. The caveat here is perishability and it would therefore be more difficult to move agricultural goods than car parts for instance.
10. Food Standards: The CPTPP generally adopts the US risk-analysis approach, rather than the EU's precautionary stance. Existing CPTPP members will be under no obligation to change the way they do things to accommodate the UK.

11. Geographic Indications (GIs): The UK would need to ask for an exemption on this as protection of GIs is not a priority for the CPTPP and, as part of the EU Withdrawal Agreement, the UK need to provide the same level of protection as the EU to products with characteristics linked to their place of production.

12. ***Further information***

13. Any queries relating to this submission should, in the first instance, be directed to Andy Hutson, AHDB Senior Public Affairs and PR Manager, Agriculture and Horticulture Development Board, Stoneleigh Park, Kenilworth, Warwickshire CV8 2TL. T: 024 7647 8822 E: andy.hutson@ahdb.org.uk