

Rishi Sunak is dead wrong about UK farming and the Australian trade deal

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Rishi Sunak is dead wrong about UK farming and the Australian trade deal

05/08/2022 by Catherine McBride

He may be campaigning to become the next Conservative Prime Minister, but when it comes to free trade in agriculture Rishi Sunak's recent remarks betray a complete lack of understanding, according to leading Economist Catherine McBride in an article for *Briefings for Britain*.



"As an MP for a rural constituency, I understand how important it is to take care of our natural environment and those it supports," he told The Telegraph, adding: "I will always back our farmers."

"My constituency is home to hundreds of beef and lamb farmers and I am committed to supporting the fantastic industry they

represent.”

According to McBride, such comments



“show that he doesn’t understand a range of relevant factors: the type and quantity of produce that can be grown in the UK; the size of UK domestic demand; how much UK food manufacturers rely on imported ingredients; nor even the point of international trade itself.”

Of the recently negotiated UK-Australia trade deal, Sunak was highly critical

“for letting down British farmers by encouraging cheaper imports of meat and other produce also made in the UK.”

But here again, according to the author

“Sunak displays an alarming lack of knowledge of the point of trade, the size of the UK population and the limits of UK agricultural productivity.

UK farmers simply don’t have spare paddocks that they could bring into production at his command. 72% of UK land is already used for Agriculture and our farmers are doing the best they can under the current regulations.

The UK’s Basic Payment Subsidy keeps all UK farmland in some sort of production regardless of commodity prices or

profitability. Unlike in unsubsidised Australia or New Zealand where contiguous low international commodity prices would take land out of production as farmers need to make a profit to survive.

As for Sunak's statement about 'encouraging cheaper imports' well that is actually the whole point of trade."

In reality the terms of the deal actually protects UK farmers with both sides agreeing tariffs on a range of products lasting well into the next decade – and all at a cost to the UK consumer.

On that basis, McBride argues

"It is very hard to see how Sunak could possibly view this trade deal as not protecting UK farmers. – unless of course he hasn't read it."

But there is a further, more fundamental objection to this kind of treaty: it is protectionist.

"The problem with protection is that it doesn't encourage UK farmers to improve their productivity or concentrate on the products that they can produce most efficiently. Something that both Australian and New Zealand farmers have had to do."

"Protecting a bad business model (UK grazing) to the detriment of a good business such as UK dairy farming is economic madness. Australia has a natural advantage in beef production (massive grasslands), just as the UK has a natural advantage in dairy production (steady rainfall on its grassy rolling hills)."

Comparisons with other producers operating in other markets could not be more different:

“The UK economy has a lot to sell Australia and New Zealand and the other nations in the transpacific partnership: from financial services; legal, accounting and advertising services; media, film, television, and music; whisky and gin; biscuits; cars; chemicals and pharmaceuticals; raincoats and umbrellas; defence equipment; new technology such as sodium batteries; even steel coils and springs.

But none of these industries are being protected in this trade deal, all their product tariffs are being eliminated in full by the UK under this trade deal – except of course for agriculture. I doubt any of the other industries asked to be protected. It is just the inefficient whingeing NFU who would prefer to block trade with a more efficient supplier and remain governed by costly EU protectionism, than improve their productivity.”

The lesson, according to Catherine McBride, is clear:

“Trade benefits the whole economy. The point of trade is to sell what you produce efficiently and import what you can’t produce at all; or can’t produce efficiently; or can’t produce all year round; or can’t produce in large enough quantities to feed your population or meet domestic demand. The UK’s agricultural imports fall into all four of these import categories.

Australia can produce many food stuffs more efficiently than the UK, most notably beef and sheep meat, but not all of them, most notably dairy products and manufactured foods. Ideally the UK should be selling cheese to Australia and buying Australian beef.”

Whoever takes over on 5th September,

“will have to learn to do his own homework and stand up to vested interests and lobbyists – like the NFU.

UK farmers have relied on supplying their captive domestic market for years, without even attempting to build up an export trade as UK food and drink manufacturers have done extremely successfully and without government support. Yet now the NFU hopes to be able to sell to the Pacific nations while protecting their domestic markets from more efficient imports.”

Would any Conservative Prime Minister want to be associated with such company?

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