

# Environment, Food and Rural Affairs Committee

## Oral evidence: The work of Defra, HC 261

Tuesday 8 December 2020

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Members present: Neil Parish (Chair); Ian Byrne; Geraint Davies; Dave Doogan; Rosie Duffield; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Julian Sturdy.

Questions 105 - 187

### Witnesses

**I:** George Eustice MP, Secretary of State for Environment, Food and Rural Affairs; Mark Thompson, Head of EU Exit Strategy and Negotiations, Department for Environment, Food and Rural Affairs; and Emma Bourne, Director, Constitution and Borders Directorate, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

- [Defra](#)



## Examination of Witnesses

Witnesses: George Eustice, Mark Thompson and Emma Bourne.

Q105 **Chair:** Welcome, Secretary of State, to our meeting to discuss the final sessions of fishing, the withdrawal agreement and where we might be on a trade deal. We are also joined on Zoom by Emma Bourne and Mark Thompson. Can you introduce yourselves for the record?

**George Eustice:** I am George Eustice, the Secretary of State in Defra.

**Emma Bourne:** Good afternoon. I am Emma Bourne. I am the director for constitution and borders in Defra.

**Mark Thompson:** Good afternoon. I am Mark Thompson. I am the deputy director for EU exit strategy and negotiations here in Defra.

Q106 **Chair:** Thank you very much. We will have full control of access to our fisheries from January, so are all the systems ready to exercise that control effectively from 1 January? It is quite a simple question to start off with.

**George Eustice:** Yes is the short answer. We have become an independent coastal state, and that means we take direct control of managing access to our exclusive economic zone, which is out to 200 nautical miles or the halfway point. We have expanded our enforcement capacities, trained additional fisheries protection officers and taken on two vessels in addition to the offshore patrol vessels that the Navy makes available. The Navy has also taken a decision to delay the decommissioning of two of the older offshore patrol vessels so that we have some additional capacity to draw on.

Q107 **Chair:** How many vessels do you reckon you will have?

**George Eustice:** We have two that we have commissioned for the private sector in England. Scotland does its own enforcement and it also has a contract with its own providers that Marine Scotland takes care of. We also have access to two offshore patrol vessels from the Royal Navy.

Q108 **Chair:** If you need more support, can you call on the Navy?

**George Eustice:** We can call on it, and it can re-task other vessels to assist. We also have an agreement with the Association of Inshore Fisheries and Conservation Authorities. Most of them have vessels and they can do some of the work in the inshore area, particularly out to six miles.

Q109 **Chair:** You are pretty confident, then, that we will be able to police our waters.

**George Eustice:** Yes. We have expanded the capacity and we also have capacity now for aerial surveillance. We are taking out a contract on two aerial surveillance planes so that, if there was some interruption to vessel



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monitoring data and we could not access that, we would be able, none the less, to piece together a picture of fishing activity in our waters.

Q110 **Chair:** Will all the English vessels registered with the MMO be sent their new licences in time for 1 January?

**George Eustice:** The vessels we have already have vessel licences, and those would roll over. The issue will be with foreign vessels, which, in future, will need a licence, and a licence issued by the UK rather than by their sponsoring member state. That will be a task and a challenge because, whatever is agreed for 2021, since things have gone quite close to the wire, we will have to issue licences to any foreign vessels seeking access to our waters.

Q111 **Chair:** You can confidently tell me that, as you sit there today, all English vessels have had their new licences?

**George Eustice:** They have licences now, yes. They will retain those licences.

Q112 **Chair:** I see. They retain the same licence.

**George Eustice:** Yes. The vessels that need a new licence are the foreign vessels. At the moment, if it is a French vessel, it would have a French licence and it is entitled to access our waters. In future, under the Fisheries Act, it will need a licence to access our waters.

Q113 **Chair:** You have more or less answered the third part of my question. What systems have you put in place to license non-UK vessels that are given access to fish in UK waters? Have you trialled them? I suppose the answer is that, until we have an agreement, we are not sure what access we are going to allow for those vessels, but I take it you have a system in place if we are to do that. Is that right?

**George Eustice:** That is correct. We have a system in place. The Marine Management Organisation will lead on this particular piece of work. The challenge really will be on the European Union since, once an agreement is concluded and in so far as that agreement grants some of its vessels access to our waters, the European Union would have to provide us with the vessel details of those that are seeking a licence.

Q114 **Chair:** The European Fisheries Council is on 15 December or 16 December. When you were Fisheries Minister, you went to a number of these. It is going to be interesting. How on earth are they going to do this Fisheries Council when quite a lot of the waters that they normally dish out to various member states are in British waters?

**George Eustice:** Quite simply, they will not be able to reach any kind of conclusion and probably will not even bother discussing the waters that they share with us including the North Sea, the southern North Sea and pretty much the entirety of area VII. They will not be able to reach any agreement there since they need to agree that with us first. They may, as they have done in the past in the context of EU-Norway, have an



exchange of views where member states will set down what they would like the Commission to go and argue for. The Commission would then have to come and negotiate bilaterally with the UK or, for some stocks in the North Sea, probably trilaterally with the UK and Norway.

Q115 **Chair:** I have looked into this. There are 24 agreements and solutions of quota they can agree because that is fishing outside UK waters. There are probably just as many, if not more, to be agreed within our waters. It just shows how much fish they have been taking from us in the past. Even with an agreement, how soon do you think you can work out whether you allow boats to fish under our rules? How quickly can that be put in place? Are you minded to do so?

**George Eustice:** Yes. The answer is very quickly really, in that Norway would want to reach an agreement as well about North Sea stocks. It would be possible, whether there is an agreement or not, for there to be, nevertheless, a trilateral discussion between the UK, Norway and the EU about those six shared stocks in the North Sea. That could take place before Christmas, even at this late stage.

Because of this delay, because we do not have a fisheries partnership agreement—although that is not essential to agree fishing opportunities for next year—and because things have gone quite close to the wire on the overall agreement, it may be that there is some slippage and we are unable to reach an agreement before Christmas. In that case, those negotiations would run into extra time in the new year. In those situations, access is generally suspended on all sides until an agreement is reached.

Q116 **Chair:** Hopefully this is not the case, but, in the event of a no-deal Brexit, Australian-type deal or whatever you want to call it, how confident are you that you will stop EU fishermen fishing in our waters? They will have no right to do so, but there will be no agreement one way or the other. Are you confident that they will keep out of our waters if there is no agreement?

**George Eustice:** The legal position is clear that, if there is no agreement, access is suspended in all directions. There is precedent for this. This happened, for instance, in January 2014 where we did not have an agreement with Norway. An agreement was not concluded until the end of January. During the month of January, all access was suspended. British fishing vessels were unable to access Norwegian waters to catch cod, and Norwegian vessels were unable to access British waters to catch blue whiting. That is what happens if there is no agreement and, of course, we would expect the European Union and its fleets to obey international law in such a situation.

Q117 **Mrs Murray:** The Secretary of State has answered my question. I was going to express my opinion that there has already been a precedent with the Norway situation. Before we leave that, Norway negotiates annually with the European Union at the moment. That is exactly what you would



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be looking to do with the European Union over any access to any stocks in the UK 200-mile to median line limit. Am I correct?

**George Eustice:** In fisheries, you have to have annual negotiations. Previously, as in the EU, there was an annual EU-Norway and an annual EU-Faroes agreement. We will also have annual agreements with the coastal states on some of those stocks, pelagic stocks in particular. We will probably also have an annual bilateral with the Faroes, a trilateral with Norway and the EU, and probably a bilateral with the EU on the stocks in the Channel, wider area VII, the Irish Sea and so forth.

You have to have annual negotiations in fisheries simply because the state of different stocks changes. The science is updated annually. You need to respond to new scientific advice. Sometimes stocks migrate more into somebody else's waters than others. That requires you to revisit sharing arrangements sometimes.

Q118 **Mrs Murray:** This would not be contentious, because the science is normally given by ICES, which our own Cefas feeds into, and that is an international organisation that also advises the European Union. Is that correct?

**George Eustice:** Yes, that is right. ICES marshals the science from many different countries. As you said, Cefas, our fisheries science agency, feeds its own data into ICES, and ICES then benchmarks it, assesses it and gives an opinion based on it.

Q119 **Mrs Murray:** We have seen a number of EU-owned vessels coming on to the UK fishing vessel register over a number of years. It started really with the Spanish flag of convenience vessels before Spain joined the European Union. These vessels now own a very large proportion of the UK allocation of quota for each stock.

In fact in Wales, for instance, I know it is a smaller amount in total but it is reported that they own 80% of the UK quota in Wales and about a third of the English quota. Is there any way that you would be looking to take account of that when allowing other member states licences to come into UK waters after 1 January? For instance, you may say you will not allow as much quota to the European Union to take account of the fish that is already being taken from the UK share and has been for a number of years.

**George Eustice:** There are two separate things. First of all, there are foreign vessels and EU vessels that are registered to an EU member state and would seek access to UK waters to catch their quota. When it comes to revising the quota-sharing arrangements and access provisions, we are very clear and have been clear for several years—it was in our fisheries White Paper—that we want to move to a more scientific and modern sharing methodology that is predominantly rooted in zonal attachment. The sharing of the total allowable catch between the EU and the UK will in future be based predominantly on zonal attachment, although we



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recognise it will take a few years to get to that kind of arrangement, depending on the stock.

The second thing is a different matter, which is foreign-owned vessels that are registered in the UK. This is where foreign companies have bought UK vessels that had quota entitlements attached to them, those FQA units. On that, in the first instance—and we have been clear on this ever since the fisheries White Paper—we are revising the economic link conditions to require those vessels to land more of their catch in UK ports. If they are unable or unwilling to do so, they will effectively forfeit some of their quota and have to donate that to the non-sector pool so we can redeploy it in the interests of other British vessels. That is the approach we intend to take on foreign-owned vessels.

Longer term, at some point in the future we may well decide to start to move away from FQA units as a basis for quota allocation. It is not a perfect system; there are a lot of things that are wrong with it. We have been clear that we will not disturb it in the short term since a lot of business models are built around it, but, over time, we may start to move away from that FQA-sharing methodology.

**Q120 Mrs Murray:** Have you had any discussions with the Department for Transport about rectifying the UK fishing vessel register in order to ensure that any vessels registered as UK vessels are majority-owned by people resident in the United Kingdom? I am looking at the Merchant Shipping Act 1988, which was overturned in the end by the European Court of Justice and the Factortame case.

**George Eustice:** As I indicated, initially, we do not intend to revisit the Factortame case. Initially, as we set out in our White Paper, we are going to strengthen the economic link on those foreign-owned vessels. At a point in the future, if we start to allocate quota differently, it would be open to us to consider such considerations in the way we might allocate quota.

**Q121 Chair:** Secretary of State, you talked about the foreign owners who have bought British quota and possibly even British boats. You talked about asking them to land a percentage of quota into the UK, but you did not say how much that would be. It could be 5%. What sort of figures are you thinking about?

**George Eustice:** We have consulted on that, and we will be responding to that consultation shortly. The consultation set out a 70% requirement for the total amount of fish to be landed by vessels in UK ports, and that is a significant increase on the 50% that is currently used.

We are also consulting on removing an ability that has been there to date, in the old economic link. Provided most of their crew were British, they did not have to abide by the requirements and land a percentage of their catch in the UK. It was quite difficult to enforce that, and there is a



lot of evidence that it was preventing the economic benefits of quota coming back to the UK.

Q122 **Dave Doogan:** Is the Department aware, in outline terms, of the total annual value of UK catch that is caught by foreign-owned vessels. Is that data the Department has?

**George Eustice:** We probably do have that data, but I would have to write to the Committee on that. Famously, there are one or two quite large vessels particularly targeting arctic cod and in the pelagic sector that have quite large values, but I would need to write to the Committee on that. We do know that the value of fishing opportunities that the UK gives to other EU member states is in the region of £500 million per year.

**Dave Doogan:** Chair, it would be helpful if we could have that information communicated to the Committee.

**Chair:** Yes, I was going to reinforce that. If we could have that in writing, that would be fine.

Q123 **Mrs Murray:** Could we turn to shared stocks, Secretary of State? You have already mentioned the UK-Norway fisheries agreement. We have already heard that a trilateral agreement with Norway and the EU would be the best way to manage shared stocks in the North Sea sustainably. What are the prospects of that, and is the EU content with that? Could you give the Committee any idea as to how much benefit the United Kingdom fleet gains from the current arrangements with the EU and Norway in terms of the percentage of the actual EU share that the UK fleet gets?

**George Eustice:** The UK has managed to put together a fisheries partnership agreement with Norway and with other coastal states. There is one with both Iceland and the Faroes now as well. The EU remains the only participant, really, in these waters that has not so far concluded a fisheries partnership agreement with us.

The EU has not so far been willing to engage at all on how we would discuss sharing arrangements for next year, but we have discussed these things with Norway. In reality, there would be a trilateral negotiation between the UK, Norway and the European Union. It would not really make sense for the European Union not to participate in that discussion, since member states like Denmark in particular are quite dependent on that negotiation. For the European Union not to bother to turn up would not be in its interests.

It is very likely that there would be that trilateral negotiation. It is the right way to approach it for those six shared stocks. The difficulty is that at the moment the European Union is not engaging in that.

Q124 **Mrs Murray:** Moving on from that, how will you ensure that shared stocks are being fished sustainably in the interim?



**George Eustice:** The Fisheries Act is very clear about the objectives around sustainability, following a scientific objective and setting total allowable catches in line with biomass capable of achieving MSY. That is all in our Fisheries Act. That will be the approach we take to negotiations. We will, as we have always been, be a powerful advocate for sustainable fishing. We will make adherence to sustainable fishing and adherence to the values set out in our Fisheries Act a condition of access to our waters.

Q125 **Mrs Murray:** We know that the United Nations Convention on the Law of the Sea forms the basis of the international law in which our sovereignty over our exclusive economic zone is recognised, and there is also the United Nations fish stocks agreement, which incorporates the sustainability situation. The EU has also signed it, as well as the United Kingdom as an independent country. Do you envisage the EU recognising that it is a signatory to this international treaty and, therefore, adhering to the sustainability of fish stocks as well?

**George Eustice:** Yes, it probably will. To be fair, the European Commission has also, generally speaking, been an advocate for sustainable fishing. It will be entirely possible for us to conclude fisheries agreements that are in line with the science. We all have international obligations to work together to that end, as you say, most particularly through the UN Convention on the Law of the Sea.

**Mrs Murray:** Let us hope that the individual member states also recognise that and recognise our sovereignty as far as UNCLOS is concerned, as they have collectively signed up to that agreement internationally.

Q126 **Chair:** Secretary of State, there is a leading fishing company in Devon that lands a lot of fish at Brixham. At the moment, they are doing quota swaps because the type of sole they want to catch has moved out of our waters into others, perhaps into Belgian waters or whatever. Is there going to be any chance to do quota swaps in the future? If there is not, how are you going to be able to recognise the fish that they previously caught?

**George Eustice:** Producer organisations will be able to trade, barter and exchange quota with other UK producer organisations in the same way they can now. What will no longer be possible are those international swaps. It will no longer be possible for a producer organisation to trade away arctic cod for something else, for instance, with an EU producer organisation and for it to be used for a different purpose. Those international swaps end at the point at which we leave the common fisheries policy.

In the way we are unravelling those agreements, when we do the first annual fisheries negotiation with the European Union, those international swaps that tend to take place quite frequently, in many cases almost routinely, will be factored into the baseline understanding of the starting point for quotas.



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Q127 **Chair:** That is the baseline for the individual fishing companies with the quotas. Is that right?

**George Eustice:** This is something we are working on. Obviously, some producer organisations get allocated quota they do not use, but they swap it for something they do use. Given that we have given an undertaking that the existing entitlements that come under FQAs we will leave alone for now, we will need to find a way of unravelling those trades that currently take place internationally.

Q128 **Dave Doogan:** The Committee heard concerns that the system set up by the Marine Management Organisation to facilitate fish exports and landings in the EU will be too rigid and/or too slow to allow product to move to the market on time. Are you confident that it will be effective, and that it will be effective on day one?

**George Eustice:** Yes, I think it will be working and be fine on day one. We have already been testing the fish export system that issues the catch certificates. I know some fishermen have raised concerns about some of the data that is being asked for, but it is important to recognise that you have the information that is needed to issue a catch certificate. That is basically straightforward information so we can check that the vessel that landed the particular fish has a licence to catch it and it was caught lawfully.

Alongside that, you need other data, longer-term landings data, so you can run surveillance to pick up any inconsistent patterns that might cause you to investigate a particular vessel. It is a fairly standard approach to enforcing the IUU convention, which is an international convention. We have asked for that information, but the fish export system will be able to issue those catch certificates. Some of the concerns that have been raised by the industry were based on a misconception about at which points and over which timeframes different bits of information would be used.

Q129 **Dave Doogan:** The pace of the bureaucracy is particularly important for those fishers who are exporting live catch, such as the crab and lobster fishermen around Scotland and in Angus. Can you underline the increase in opportunity presented to those fishermen by the new regime that will exist after 1 January?

**George Eustice:** For the shellfish sector in particular, given that it exports quite a lot of its products to EU countries, if there is serious disruption at the border and Operation Brock is triggered, we have arrangements to prioritise fish exports and lorries carrying fresh fish. We also have an understanding with the French authorities, which still stands as part of their plan, that fish exports will go directly to Boulogne market and will not be held up and checked at Calais. We have done a number of things to ensure that we can prioritise the flow of fish and, given that it is a perishable product, that it arrives on market in a timely way.

Q130 **Dave Doogan:** I would categorise that as welcome, but those are



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contingency measures. My question was about the increase in opportunity that will accrue to those crews following 1 January.

**George Eustice:** We do not have a quota system in the usual way for crabs. We have the western waters regime, which covers vessels over 15 metres in length. It covers some of the larger scallop dredgers as well. That is an effort-based regime. It is not an immediate priority for us to reform that, but we will need to reform it at some point because it is another of those rather odd regimes where the French have a very large entitlement they do not need. We will need to be revisiting that at some point.

We made it clear in our fisheries White Paper two years ago that there may well be a case for looking instead at a type of quota regime for shellfish rather than an effort regime. An effort regime really does not make a lot of sense when you are putting down static pots. If you were going to effectively measure and control effort, you would probably do it by controlling the number of pots a vessel is allowed to put down, not by the number of hours it is allowed to be at sea.

There are lots and lots of reasons why the western waters regime that we currently have for shellfish does not make a lot of sense and needs reform at some point, but it is not an immediate priority in this first year.

Q131 **Mrs Murray:** I appreciate that you have an agreement with the French Government on taking fish directly to Boulogne and all that. How on earth are you going to mitigate against the French fishermen who seem to protest and hold up our exports at any opportunity? How are we going to address this? Are we just going to rely on the French Government enforcing protection for our lorries, or is there going to be absolute chaos? The British fishing industry ought to be made aware of any possible problems there.

**George Eustice:** I understand the point you are making, but I see no reason why we could not all get along fine. We will have a new regime for sharing fishing opportunities and the exchange of access. We will continue to trade with one another. Once we get past the initial position we are all in now of people finding it difficult to reach an agreement on fairly straightforward trade agreements, at some point in the future they will want to buy some of our very high-quality British fish for Boulogne market, and we will want to buy their produce as well.

Q132 **Mrs Murray:** Is it a conversation you have had with the French Government? It is not just now. French fishermen and farmers tend to protest on a regular basis. Is it something that you have looked at and discussed with the French Government?

**George Eustice:** There is not much value in having a conversation with them unless and until such a problem presents itself; otherwise there is nothing really specific that we can talk about. It is right for now that we go into this taking a position that people will behave in a sensible and responsible way.



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Q133 **Chair:** I largely concur with Sheryll's view on what may or may not happen, but I can understand your wanting to take a conciliatory stance. You will need to be ready to make sure, if there are rules in place, that we can get those exports into France. They have a potential to be difficult.

The fishermen are worried that the MMO is asking for a little too much information about what they are catching. It is a little too rigid and difficult for fishermen to facilitate that information to the MMO. Have you looked at this? Will the MMO be open for business at the weekends as well, especially in the early stages of getting this system up and running? There will be some teething problems to start with, I suspect.

**George Eustice:** We are setting up helplines in a range of areas to support people, including on the MMO. Yes, the export system, which is an online system, will be open around the clock, and there will be a call centre to assist people with any problems there might be.

**Emma Bourne:** To reinforce what the Secretary of State said, we have a number of call centres, including one that is specifically dedicated to supporting the production of catch certificates. That will be a 24/7 service at least initially in the set-up stages.

Q134 **Chair:** Fishermen coming in to land will be able to get hold of the MMO in order to get these certificates or start the process. They do not want 24 or 48 hours of delay in exporting their fish. Naturally, it has a very short shelf life. Both Emma and Secretary of State, are you confident that you have a system in place that will react to difficulties?

It is not about the clear process. I understand that you cannot issue a catch certificate until you know what those boats have caught. We get all that, but you have to be able to move quickly. Dare I say it, but the MMO does not have the reputation of being the most flexible and light-of-foot organisation in the world. Are you confident that you have the right system in place?

**George Eustice:** Yes, I am. We have been testing the system. It has had users on it for a couple of months, making sure that it works and does what we need it to do. As I said, the concerns there have been tend to stem from a misunderstanding about the timeframes in which different data that has been requested will be used.

Data around the vessel and the quota it has will be used to reconcile with a request for a catch certificate, and that should line up and give a fairly quick answer. Longer-term data on landings will be used for surveillance purposes, just to check that there are not irregularities that have emerged during the course of the year.

**Chair:** Right, we have it on record that it is all going to work very smoothly. Thank you, Secretary of State. We are going to move on to lorries in Kent. Rosie, there is nobody better to ask this question than you. You very much have a Kent constituency.



Q135 **Rosie Duffield:** Thank you, Secretary of State. Many people in my part of Kent have been campaigning against live animal exports for decades. Concerns and campaigns about this issue form a large part of east Kent MPs' mailboxes. The NFU is calling for tighter regulations if not an outright ban. If there are lorry queues through Kent and around our ports, how will the welfare of animals be affected? With so much additional pressure on all the services, how will it be made a priority?

**George Eustice:** First, on the wider policy issue, as members may be aware, we issued a consultation last week on banning the export of live animals for rearing and slaughter from England and Wales. That would effectively bring to an end that very controversial trade, particularly in lambs going to slaughter in continental Europe. That is something we are consulting on, and we anticipate bringing forward legislation by the end of next year.

On the separate point, which is about what would happen in the case of live animals for export if we have to trigger Operation Brock, and if there is congestion and serious disruption at the border, it is important to recognise that every consignment of live animals is subject to a 100% inspection at the point of loading. The APHA has to issue a travel log.

The position we are taking with most live animals—this would include, for instance, horses, breeding stock and other animals—is that, if we see there are problems at the border that would lead to severe delays, we will not issue that travel log and we will advise those businesses not to try to travel with live animals.

There is one exception to that, which is in common with fishing. Because the UK is probably the world's leading country in avian genetics, we export large numbers of day-old chicks and eggs for hatching across the border. We regard that as a different matter. The welfare concerns in those instances are not the same as are often seen for sheep and other livestock. Those will be given priority access alongside fish.

Q136 **Dave Doogan:** Following up on the avian side of things, I have received concerns from egg producers in the northern half of Scotland—say north of Perth. Once their hens have gone off the lay, they will then be transported for spent-hen meat. There is no facility in Scotland to do that, and there is growing concern within that sector that there will be a problem reaching the most northerly English slaughterhouse or processing facility for spent hens. Can you give an assurance that spent hens will have no difficulty in travelling anywhere in Great Britain to be processed?

**George Eustice:** The animal welfare committee made some recommendations on transport that we are also consulting on. I will look at that specific case, but we want to improve the standards of transport, particularly in poultry. Particularly when it comes to laying hens that are at the end of their life, there have been some worrying instances of quite high mortality because transporters are not able to maintain the right



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temperature. When you have either quite extreme cold weather conditions or hot weather conditions, you sadly get mortality during transport, which is obviously totally unacceptable.

We are consulting on additional measures to have temperature control on some of those transporters, particularly for the poultry sector. We have also revised downwards some of the maximum travel times, but I do not envisage that being sufficient to prevent the transport of those laying hens at the end of their life.

**Q137 Chair:** The figures for exporting lambs are very high. When the lamb is exported from the UK, in some places it probably becomes French lamb when it has crossed the border, dare I say it. It is probably not in line with EU rules, but I suspect that happens a lot. Have you taken in the economic effect? I agree with you about live exports, but, if you look at the figures, there are hundreds of thousands of lambs. It is wrong that they are exported live, but there will be an economic effect. Hopefully we will not see tariffs on lambs, but if you couple the whole thing together it could have a horrendous economic impact on sheep farming in particular.

Sometimes we spend too much time on whether animals should have a journey rather than on what transport they use for that journey. You talked about better lorries. We are transporting animals a lot further on the mainland than we are across the sea, although I accept that going across the sea is more traumatic for the animals. Are you taking all these things into consideration?

I am sorry to make it into a big question, but are we looking at local slaughterhouses on the mainland in this country? Otherwise, our animals are being transported far too many miles to be slaughtered. This is a big issue. Have you looked specifically at the economic consequences of banning live exports of sheep?

**George Eustice:** Yes, we have looked at it. It is a very small trade these days. It is important to put this into context. If you go back to the 1990s when this was highly contentious, at that point there were something like 2 million lambs transported. A few years ago that had fallen down to around 35,000. The most recent data shows it lower still. If it is not a single-digit number of thousands, it is certainly hovering at around 12,000 to 18,000.

The numbers are very, very modest now in terms of the overall size of the exports that we have. You have to take the position that we have taken: when you are transporting animals for slaughter, it is critical to reduce any of the stress on them during the journey prior to slaughter. We do not want to put them under any unnecessary stress. A journey by sea in some cases might be a bit shorter than a journey by land, but it is more stressful. Sea crossing is not as easy. If you get bad weather, it can be particularly traumatic for the sheep. It is just unnecessary when we have plenty of capacity to slaughter those animals here in the UK.

**Q138 Chair:** When you talk about plenty of capacity to slaughter those animals



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in the UK, some of our major retailers have only one or two slaughterhouses in the whole country. They stipulate that they want those animals to go to those particular slaughterhouses. As we look at this, we need to widen the issue to more local slaughterhouses and taking animals on shorter journeys for processing. Surely that is relevant. Are you looking at that as well?

**George Eustice:** Yes. It will be a natural consequence of the measures we are taking. We are changing the maximum journey times. That will mean that, in some cases, animals will be transported shorter distances to slaughter and, put bluntly, supermarkets will have to change their supply chain policies to accommodate the law.

Q139 **Chair:** Do you accept that, at the moment, our slaughterhouse industry is dominated by very few big players? There are not that many slaughterhouses across the country. If you are going to successfully reduce the journey times, you have to increase the number of slaughterhouses. You are going to need a policy for that. Have you considered that?

**George Eustice:** Yes, we have considered that. We have looked at where all the slaughterhouses are, species by species, and considered hypothetically farms in many different parts of the country and how quickly they could get animals to the said slaughterhouses. We have looked at a map and planned the range for different transports from different farms to different slaughterhouses. We think the proposals we are consulting on sit fine within the existing network of abattoirs we have.

**Chair:** I will look forward to further investigation into this.

Q140 **Dr Hudson:** Thank you, Secretary of State, for being before us again. I guess we have been talking a lot about the contingencies and the hypothetical situation if there is no deal. We are all obviously hoping that we get a deal with the European Union so we have seamless movement of farming and agricultural products across the borders.

Previously, you have suggested that the impact on farming and agriculture of a no-deal situation, where the EU and the UK would potentially be applying tariffs to each other's products, could be cushioned in some way by import substitution and agricultural producers in this country diversifying. I just wanted to flesh out your thinking on that. If that is the case, how quickly does Defra anticipate that food producers in this country would be able to adapt, ramp up food production and potentially find new markets for exports? You have implied that this sort of flexibility could happen, but what is your current thinking on that?

**George Eustice:** There was some interesting modelling done by the NFU in 2016 at the time of the referendum. Broadly speaking, that modelling showed that, in the event of tariffs being applied on agricultural products in both directions, by the EU and by us, there are some impacts for us on



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the sheep sector in particular, because we are a net exporter of lamb, and smaller impacts on barley, because some of our barley producers export to brewers in the European Union. In every other agricultural sector—be that beef, fresh produce, wheat, poultry and so on—there was a firming in farm-gate prices where tariffs were applied. That is because there is import substitution and a dampening of imports of, say, Irish beef, Danish dairy products or fresh produce from France. That creates new opportunities for British producers.

Anyone who has been in agriculture, as I have been, knows you cannot just switch agricultural production on and off overnight. If you are going to increase your dairy herd to meet increased demand because there is less Irish cheese or Danish butter coming into the UK market, it would take a while to build up your herd. You could probably do it over 12 months, but you could not just switch it on overnight. You could build your herd to meet that demand, provided you had access to the land that you need.

On poultry and pigs, they could probably step up production a little more quickly. It would take a little longer on cattle, beef cattle in particular. That is a longer-term move, but some would be able to start increasing their production. It would not happen overnight. This would be a medium-term adjustment in supply chains where you had import substitution with British producers taking the place of producers that are currently in the European Union and serving the UK market.

**Q141 Dr Hudson:** If it is a medium-term side of things, it might take a little while for the situation to equilibrate and for producers to adapt. If we are in that hypothetical situation, if there are particular sectors within the agricultural sector that are really struggling to adapt, and in the short term they are plunged into a potential crisis situation, is your Department keeping a watching brief on that? Could the Department potentially have contingency plans? Could it intervene to help in some way, if there were some sectors that were struggling?

**George Eustice:** The sector that would be most affected is the sheep sector. That is no secret. It is no surprise. It is the one that is always cited. Most other sectors of agriculture would be fine if there were tariffs applied. Yes, there would be swings and roundabouts. There would be some issues on carcass balance on cattle, but overall they would be able to weather a situation where tariffs are applied in both directions.

The one that would potentially have a challenge is the sheep sector. It is important to recognise, though, that lamb prices are currently around 15% higher than they were 12 months ago, and some 20% higher than they were five years ago. The lamb market is currently in a very strong position, driven by a big increase in demand from China and a global shortage in supply. We would keep a very close eye on this, but we should also recognise that the sheep sector goes into this situation in quite a strong market position internationally.



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We have to see how that goes and what the impacts would be, but, in terms of what we might do, we designed 18 months ago the types of interventions that would be appropriate. It would probably be something like a headage payment for breeding ewes or a slaughterhouse premium for lambs, depending on the time of year a problem presented itself.

**Dr Hudson:** Thank you very much. That will give some reassurance. I declare an interest in representing a constituency with a significant sheep sector. That your Department is keeping a watching brief on that and is prepared to look at that will give encouragement to some nervous farmers.

Q142 **Chair:** Secretary of State, you talk about the increase in lambs being exported to China, which is great news, but you are glossing over the fact that 35% to 40% of the lambs we produce are still being exported into the European market. If we had those big tariffs on the export of lamb, lamb is one of those things that we do not eat anywhere near as much as we produce, so it will have a real effect.

What ideas do you have in that situation for how you would, in the short term, support sheep farmers through this? I do not want to talk down anything, but the prices will be hit by £40 or £50 a lamb. It is bound to drive down the price if you are not careful. How would you help farmers in that situation?

**George Eustice:** We want to watch the situation carefully to see how things go. We have worked out what the schemes would look like if we needed an intervention, either a headage payment for ewes or a slaughterhouse premium. We go into this from a starting position where lamb prices are already 15% higher than they were 12 months ago when we last considered no deal. Some of the modelling we have done suggested—

Q143 **Chair:** That is while we have this big export market to the EU. You cannot really talk about the situation now. I get what you are doing. Naturally you want to keep the price up, as do I, but you also have to be realistic. If you suddenly have extra lambs coming on to the market with tariffs going across to the EU, you will immediately see an effect. Beef prices will probably rise because you would see a tariff going on to Irish and European beef. You would actually see that go up. But on lambs we are exporting. We do not import. We import some from New Zealand, but most of it is export. There is a real problem. What do you have in mind?

**George Eustice:** As I said, we have in mind two different types of schemes, one aimed at lamb and one aimed at breeding ewes. That has already been worked up and will be ready to go, should it be needed.

Some of the modelling that has been done suggested that, if the EU applied tariffs on lamb, the price of lamb in the EU would probably go up by about 20%, since the UK is by far and away the largest supplier. The question then becomes whether New Zealand would enter the market. It is constrained by the limited TRQ it currently has to supply lamb to the



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European Union. The EU could open an ATQ that would be open to everyone, including the UK, in order to stabilise lamb prices.

It is also the case that a lot of New Zealand lamb would be filling the big demand we have at the moment from China. They may not be particularly interested in the European market. There would be an impact on European consumers as lamb prices rise. It would probably dampen the demand for lamb. There would be an increased supply of lamb in the UK market. It may also affect consumer choices. If the price of beef went up and the price of lamb went down, you might get people buying a bit more lamb and a bit less beef.

Q144 **Julian Sturdy:** Apologies for being slightly late. Thank you, Secretary of State. I just wanted to follow up on the Chair's question, if I am honest. You talked about the sheep headage payment that you have been looking at, or a slaughterhouse premium that you are considering and have done some work on. You also talk about a watching brief, which I understand, given the circumstances that you have just laid out, but you must have in mind the point at which you would look to intervene. You must have done some calculations on that through Defra. I just wonder what they are. When we talk about intervention, do you have any idea of how long you might intervene for, if needed?

**George Eustice:** We have not set a trigger point at which we would intervene, because it is quite a dynamic situation and it would depend quite a lot on whether other international markets created the demand that meant prices remain quite stable. It would not be able to be benchmarked against the current prevailing price for lamb. We would have to look at something that was a more historical norm against which to judge where the trigger point is for an intervention.

We have deliberately not set what that trigger point is yet, because we would want to watch the situation, see how markets develop and see what the impact on farms' incomes is before deciding what action is appropriate, if any.

Q145 **Julian Sturdy:** Given that answer, how quickly would you be able to respond? Are you saying that there is more work to be done?

**George Eustice:** No, we can respond very quickly once we have decided to act. The scheme design was worked up by the RPA some 18 months ago now for either of the schemes. We could switch them on very quickly, if we decided they were necessary. The point I am trying to make is that it is not clear at the moment that they will be necessary, because lamb prices are already some 20% higher than they were, say, five years ago.

As I said, the modelling that has been done, imperfect though modelling is, suggests that you might, in the case of tariffs being applied, get a 20% increase in lamb prices in Europe and potentially a fall in lamb prices here of 10% or 20%. It might actually just take it back to normal historical levels.



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Q146 **Chair:** Most sheep farmers would suggest that a drop of 20% in price would make them almost uneconomic to produce.

**George Eustice:** No, because it is 20% up on where it normally is.

Q147 **Chair:** The sheep farmers I know would say that, before that, they were really not making much out of their sheep, so I would not like to go there.

In the event of no deal, the idea is more or less to wave in imports for six months to make sure the systems start and we are getting our imports of food. How are you going to collect tariffs if you are going to wave in imports? This is the bit that really terrifies me about no deal. We roll over, allow things in without sticking a tariff on them and, meanwhile, we are being charged tariffs in every direction as we go back into the EU. Are you confident we are going to get stuck into raising these tariffs on day one?

**George Eustice:** Yes. HMRC has worked out processes to do this. It is important to recognise that, in the agricultural sector, if we look at beef from Ireland, there are really only two or three very large players. We know who they are. They are required by law, both EU law and UK law, to show full traceability about where the animals were born, reared and slaughtered. It is, therefore, very easy for us to enforce the payment of tariffs from companies like that.

Q148 **Chair:** If there is no deal, are you confident that from 1 January we will be charging tariffs on all food importers that are due to pay those tariffs?

**George Eustice:** The large companies that dominate this trade in these particular commodities have reputational issues. The supermarkets that buy their products have reputational issues. They would not want to be buying bootleg products that had not been legally declared to enter the country.

Q149 **Chair:** In the past, the Treasury has not been terribly enamoured with this. In fact, the last time we talked about this, back in the days of your predecessor, we were talking about not charging reciprocal tariffs because it would push up food prices. Defra has done some figures that do not show a huge increase in food prices, but what are the figures? Has there definitely been a change of heart in Government?

**George Eustice:** The main driver of food prices is exchange rates. Fuel costs also have quite a big impact on food prices. Tariffs do not have a big impact on consumer prices. They have a significant impact on producer prices. If you are an EU producer seeking to export to the UK, it would hit your income quite hard. If you are a consumer, however, the impact on the average shopping basket is quite marginal.

If you look at the staple products like bread, for instance, we have highly competitive homegrown manufacturing; we have some of the cheapest bread in the world for that reason. The products where you might see an impact on consumer prices, for instance beef or pork, make up a



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relatively small percentage of the average shopping basket, no more than about 2% of the total weekly shop for beef and only about 1% for pork.

Q150 **Chair:** You see consumer prices only going up by a few percentage points?

**George Eustice:** Some of the modelling suggests between 2% and 3% is possible. It is always difficult to predict. If you look in the context of a typical year, food prices will usually go up or down by about 3%. If you get a year where there is a particular shock, like the 2016 referendum year, food prices went up by about 7% or 8% in that year. They went up even more in 2008. It is not unusual to get movements of a few percentage points in any typical year.

Q151 **Chair:** We are also conscious of the other side of the scenario: there are lots of people out there who struggle to find the money to buy food. Much as I, putting my farming hat on, might like to see higher prices, I am mindful that consumer prices are also important. You have looked at that, have you?

**George Eustice:** We have looked at that. The important thing to recognise is that people's inability to afford food is because they have maybe had a financial shock in their life—their car has broken down or something else has gone wrong—and they are short of money. The thing to understand about food poverty is that the inability to afford food is what people notice first, but it is not because food prices are high. In fact, food prices are very low. For the poorest 20%, they are at a record low, lower than at any point in history.

Q152 **Geraint Davies:** Secretary of State, it is now 8 December. We do not have a deal; we might have no deal; we have a pandemic; we have Christmas coming. We are looking at what is going to happen on 1 January, and you seem to be saying, "We are watching the situation carefully and seeing how things are going."

It is obvious that there is going to be a major crisis if there is no deal. Let us assume for a moment that there is a deal. Would you accept that there will be non-tariff barriers at the borders that will impede our exports? It may mean that some food supplies go off. We will reduce our imports, which means there is a danger of food shortages or at least of prices going up. Do you accept there will be a problem with food supply in January, even with a deal?

**George Eustice:** I do not accept that there will be a problem with food supply, but it is the case, and we have never pretended otherwise, that, even if there is an agreement on free trade, because we have taken a very deliberate and conscious decision to come out of the single market, yes, there will be a requirement for some additional administration: export health certificates for products of animal origin, phytosanitary certificates for products of plant origin and so on. There will be some additional administration. Yes, that does constitute, in the jargon, a non-tariff barrier, as you put it.



Q153 **Geraint Davies:** The British Retail Consortium said there would be a danger of food shortages, even with a Brexit deal. We are in the last minute of the 11th hour, are we not? In addition, there is this problem for people who are exporting. Even if we do not have the problems we have just talked about of excess tariffs being imposed and prices domestically going down for lamb producers with no deal, which would be a disaster, even assuming we have a deal, lamb producers will be hit, because of barriers in terms of checks and customs controls maybe not being in place in France, for instance, apart from our own.

**George Eustice:** One of the issues that we cannot prepare for is the European Union being ill-prepared, disorganised and failing to do what it needs to do in this new situation. It is high on our risk list that the EU is not prepared and that that causes some friction at the border. There will not be an issue of that sort for goods coming the other way, but, if you get disruption at the border because of the European Union being ill-prepared or disorganised, it could have impacts on trade flows in both ways.

Q154 **Geraint Davies:** You do not know whether they have a problem. I am sorry to interrupt. I am just checking. You seem to be saying that you do not know whether there may be a problem or whether they are prepared. Do you know whether they are prepared and whether there will be delays on our exports that may mean that perishable products go off? Do you just not know?

**George Eustice:** We do know. We have had lots of discussions with the French authorities in particular, given the importance of the short straits. They have assured us that they are ready. They have built some additional infrastructure there with room to park around 100 or 110 lorries in order to do the checks at the border that they need to do. They set up a special unit to do this about 18 months ago. Those plans remain in place. They assure us that they are ready to do this. Based on that—and we can only go on what they have told us—we have no reason to think they are not ready to do the checks that will be required of them.

Q155 **Geraint Davies:** You said a moment ago that food prices went up 7% in 2016 following the EU vote. That response seems to me to have been an emotional response and not a market response, because there was no constraint on food supply. Yet you are saying that the prices will only go up 2% or 3% with no deal. If there is a deal, given that there is going to be friction at the border because of checks and non-tariff barriers, and there will be concern about this, as there was in 2016, if food prices went up by 7%, we can expect 7% again, can we not?

**George Eustice:** Not necessarily, no. As I said earlier, that was nothing to do with tariffs. It was not even to do with sentiment; it was to do with exchange rates. Exchange rates remain the biggest driver of food prices. If I could predict what would happen with exchange rates, I could make a lot of money, as could anybody around this table. None of us can really predict what will happen to exchange rates.



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We do know that the European Union is a major net exporter to the UK. If its exports were affected, it could affect its balance of payments. It could affect the value of the euro. The value of the euro might go down against the sterling. It might be that markets take a particular reaction and sterling might go down a bit against the euro. It is impossible to know what the impact of that would be. We do know that the impact of tariffs is quite marginal.

**Q156 Geraint Davies:** If there is a particular impact on a particular sector—we have highlighted lamb here—from no deal, are the Government ready to step in and support sheep farmers financially or otherwise? It might mean that they have to slaughter lambs and freeze them, I do not know.

**George Eustice:** As I said earlier, we have designed two possible interventions. Neither of them involves schemes to slaughter flocks or anything like that, or even to store lamb, which has been mooted at one point. There is not the capacity to do that. Both schemes relate effectively to a supplementary top-up payment to farmers based on either a slaughterhouse premium for lambs going to slaughter or a headage payment for breeding ewes.

**Q157 Chair:** We have previously had ewe premiums. The only trouble is that people keep more ewes than they should, and some of them are older than they should be. I would ask you to look at the lamb premium in particular, because then you are getting a quality product at the end of the day. We look forward to those ideas coming forward.

Before we leave this one, would it be possible for you to give us the estimate of food price increases in writing, the work that Defra has done on that, in the event of tariffs?

**George Eustice:** There is some data already in the public domain, but I will write to the Committee on that point. It is important to say that any intervention would obviously be short term, and in the medium term we would be helping our sheep producers to find alternative markets, like the US or the Middle East. It is also entirely possible that there will not be a need for an intervention at all, given the buoyancy of the market at the moment.

**Emma Bourne:** I just wanted to supplement the Secretary of State's response in terms of our engagement directly with EU member states and with EU businesses. In fact, earlier this week we had a session with French operational officials and Defra officials. We are working through, with key counterparts on the French side, the questions about how we manage the potential frictions and make sure that we are adopting a troubleshooting approach to working together.

There is also quite significant engagement under way directly with EU businesses to make sure that we have as much as possible happening across the full breadth of the supply chain from GB into EU. We have been part of work led by the Cabinet Office's Border and Protocol Delivery



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Group to participate and field subject matter experts in a wide range of seminars for businesses.

We have done over 40 readiness engagement sessions with EU stakeholders and been part of 36 industry days and webinars. That is quite a high number and a broad range of activities. To give you a sense of it, between 100 and 500 stakeholders participated in each of those events. A lot of conversations are happening, and we are trying to reach as many businesses as possible in the time available.

**Q158 Robbie Moore:** Secretary of State, my question is related to the movement of agrifood products between Great Britain and Northern Ireland. We are looking at reports that supermarkets have expressed concern that Northern Ireland consumers may see reduced choice. We are seeing Sainsbury's already saying that some of its product lines might be affected. M&S has commented that 15% of its product lines are likely to be impacted. Considering that the Northern Ireland Retail Consortium is concerned about the impact of increased cost for consumers, can you guarantee that Northern Ireland consumers will have the same access to the same food products at the same price as they do now beyond 1 January?

**George Eustice:** We have been working with supermarkets on some of the particular challenges that they have. One of those is that we want to avoid the need for highly bureaucratic export health certificates for each product there might be on a supermarket consignment going direct to store. Goods going from GB to Northern Ireland directly to a retail venue are not at risk of entering the European Union. Therefore, they are in a different category. All those retailers have very elaborate and highly detailed supply chain policing already. They do their own inspections of suppliers; they know where all their goods come from and they can trace them.

We have been working through the Joint Committee process to get a solution to this and, at the very least, to make sure there is some kind of easement or glide path towards a different type of solution over time. Some digital solutions have been developed that can act as a proxy for the information that would be on an export health certificate. Separately, there are one or two other issues that are a factor in EU law, which is where you have prohibitions and restrictions on sale. That can affect certain products, such as meat preparations. There is a separate issue there, which we have been addressing through that Joint Committee process.

I know my colleague Michael Gove is due to make a more detailed announcement on this tomorrow. The Joint Committee negotiations have concluded and an agreement has been reached on how to address some of these outstanding issues around the Northern Ireland protocol. I cannot say anything more about it now, but Michael Gove will be giving an announcement to the House tomorrow.



Q159 **Robbie Moore:** To push you on that, are you not able to say whether Northern Ireland consumers will have the same access to the same products they have at the moment at the same price beyond 1 January?

**George Eustice:** We have been fully conscious of the concerns raised around the export health certificates that retailers will require and those issues of prohibitions and restrictions on certain products. We have been working to address those through the Joint Committee process. Of course, there will be some additional checks for goods entering Northern Ireland. That has always been understood. It is there in the Northern Ireland protocol. DAERA is putting in place the necessary facilities to carry out those checks.

Q160 **Robbie Moore:** I understand there will be an announcement tomorrow by Michael Gove. Can you comment on the trusted-trader scheme? We understand that the Government are reportedly developing a trusted-trader scheme to support food products to Northern Ireland for supermarkets. This is only for larger supermarkets, we understand, rather than all food supplies. The Food and Drink Federation has already commented in a letter to the Government that "restricting this scheme to the largest retailers presents very serious concerns in terms of competition on the Northern Ireland grocery market". Can you comment on why you are restricting that to larger supermarkets and not the wider market?

**George Eustice:** There are a number of schemes we are looking at. There is the trusted-trader scheme or the Trader Support Service, as it is called, which is there to support and advise traders going into the European Union and particularly to assist them on some of the customs procedures. We are giving consideration to other support that we might give to those in the agrifood sector, particularly around export health certificates, advice and possible other support to ensure that we assist them in being able to trade smoothly with Northern Ireland.

Q161 **Robbie Moore:** Is it right that this particular scheme is just focusing on larger supermarkets, though?

**George Eustice:** I may ask Emma Bourne whether she has the precise details about who is eligible for the Trader Support Service, as it is called, and whether that is limited to supermarkets. It probably is some of the larger traders that are able to demonstrate traceability or find it easier to do so. Emma, do you want to add anything?

**Emma Bourne:** The Trader Support Service is not limited exclusively to supermarkets. It is there to help a range of different traders that are trading into Northern Ireland with their customs requirements, as the Secretary of State explained. It is designed particularly for those working with customs intermediaries.

As it is an HMRC-led scheme, we could write to the Committee with more detailed information on the exact criteria for eligibility, but HMRC is also working very actively with quite a broad range of people who trade into



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Northern Ireland, to make sure they can take advantage of the support available through the Trader Support Service but also be ready more generally for the requirements for the implementation of the Northern Ireland protocol. As the Secretary of State explained, it is one toolkit in the broader box of business support and readiness that we are putting in place.

**Robbie Moore:** If we can have that written response, it might be very helpful for it to touch on the impacts you are expecting to see on the wider grocery market across Northern Ireland.

Q162 **Chair:** There is no extra scheme for larger retailers, then. Smaller retailers are concerned about this. In the latest lockdown, small shops were being shut down but large retailers carried on selling exactly what those small shops were selling. They are not very happy out there, to say the very least. We do not want a situation where they cannot get food and other items into Northern Ireland and the big retailers can. It just divides us all the time. Are you confident that is not going to happen?

**George Eustice:** As Emma said, it is not the case that it is targeted at just those larger retailers. Large grocery retailers, like Tesco, Sainsbury's or others, which send lorry loads of goods from GB to Northern Ireland directly to store, have a particular challenge with the numbers of export health certificates that will be required. If you had a small independent grocer in Northern Ireland, it would typically be buying from wholesalers and would not face the same sort of issue.

Q163 **Chair:** Not wishing to be too difficult, but at the moment we can freely trade with Northern Ireland and we do not need any certificates whatsoever. This seems slightly to be madness, but so be it.

The Chancellor of the Duchy of Lancaster, Michael Gove, now has an agreement with the European Commission, which means that, yes, you can get food into Northern Ireland. But, if you look at the Republic of Ireland and Northern Ireland, you will find that the pigs go for processing from the south of Ireland to the north of Ireland; the lambs go from the north of Ireland to the south; and the milk literally gets processed in various parts round and round the border. Will it enable that business to be maintained, if this agreement comes about? I know you cannot say all that is in it, because you do not want to steal the thunder of Michael Gove tomorrow.

**George Eustice:** That is implicit in the whole withdrawal agreement. Those who were involved in the last Parliament will remember this intractable issue that we wrestled with, about how we ensure that we do not have to have a border on the island of Ireland, recognising that there is a huge amount of integration particularly in sectors like agrifood. Around 35% of liquid milk goes from Northern Ireland to the Irish Republic and a lot of goods cross the border, in some cases several times. How do you provide for that?



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The answer was the Northern Ireland protocol, where we put some checks in place for some goods going from GB into Northern Ireland, particularly on customs where those goods are at risk of entering the European Union. We have been working ever since to make sure that those are proportionate and pragmatic.

Q164 **Chair:** Are you confident that there is no border between mainland Great Britain and Northern Ireland, which is very much part of the UK?

**George Eustice:** It is not a border. Northern Ireland is very much part of the UK and will benefit from any future trade agreements that the UK does on behalf of every part of our nation. It will also mean that Northern Ireland will not be affected by borders or tariffs in respect of its trade with the Irish Republic.

**Chair:** I understand that is very important to Northern Ireland, and of course to the Republic. It might hopefully help facilitate a final deal.

Q165 **Ian Byrne:** Thank you, Secretary of State, for the evidence so far. It has been quite enlightening. I want to drill down a little on the food insecurity issue, if you do not mind. You have already stated the potential rises that might be on the agenda for a no-deal Brexit. We had Damian Green, the former Minister and MP for Kent, stating last week that lots of lorry drivers will give Britain a miss in January and February, potentially causing a shortage of food.

It is hugely important to frame where we are now as a nation. We have 14 million people living in poverty, according to a TUC report that came out in February. The Trussell Trust this week released figures stating that the number of universal credit claimants has gone up from 2.7 million in March to 5.7 million today. We have millions and millions of citizens who will be living without any ability at all to cope financially with any increase in food prices. We will be driving millions into food poverty and food banks if there is any increase in food prices.

My question is a simple one. What have you planned, if these events occur, to help the millions of people in all our communities who will suffer?

**George Eustice:** There is an issue with some people living in poverty and, in some cases, struggling to afford food. We have put in place policies to support that through funds we have given, for instance, to FareShare during the coronavirus pandemic, which has exacerbated these issues. There are crisis funds and support funds that we have given to local authorities; there are funds for holiday activities and the food programme that is being offered to schoolchildren.

We have put that package of measures in place, but, if you look at food prices, it is important to recognise—and we track this very closely—that the single most important yardstick has always been the percentage of household income that the poorest 20% of households spend on food. That had been stable at around 16% for about a decade between 2010 and 2020. Last year, for the first year, it fell to about 14%. That is a



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record low. The percentage of household income that the poorest 20% of households are spending on food has gone down. The reason for that is principally due to the rising national living wage, which has been going up year on year. That has helped those on the lowest incomes.

In making that observation, I am not saying there are not instances where people struggle to afford food. The point I am making is that it is not that they cannot afford food because food prices are too high; it is because they have poverty and other financial shocks in their lives. When that happens, for obvious reasons, an inability to afford food is what presents itself first to people.

**Q166 Ian Byrne:** Today I tabled EDM 1251, on the right to food. Would it be possible to sit down with me and other MPs on this issue and have a discussion on the right to food? You have outlined that you have put some strategies in place, but we are truly tinkering around the edges of what we are seeing within our streets. It is a humanitarian disaster now.

The great fear is Brexit. It could enhance it. Legitimately, we can all ask the question: what are we going to put in place? This is an opportunity that the Government have to do something that will fix the systemic failings. My great fear is, as I have outlined, that it could get far, far worse. It could be catastrophic for all of us. Would you commit to sitting down with me and other MPs to discuss the right to food?

**George Eustice:** Defra convened a taskforce to look at the issue of access to food, particularly during the coronavirus pandemic. As I said, we have announced some additional programmes on that. Victoria Prentis was the Minister who chaired that particular taskforce and is the Minister in my Department who leads on some of these issues. One of us would be more than happy to meet you to discuss the concerns you have and to outline the work we are doing in this area to try to address the problem.

**Ian Byrne:** Many thanks for that.

**Q167 Chair:** Following on from Ian's question, when we did our Covid food report, we talked about the idea of having a Minister for food security, because it is not just about Covid. It is going to hit the economy badly. There is going to be higher unemployment; there are going to be more people finding it more and more difficult to get food.

It is necessary to keep this going, and I recognise the work that Victoria Prentis is doing. We have written to her about continuing some of the schemes that Defra already funds through the pandemic. I would urge you to carry on with some of that funding and to look in the future at having a Minister for food security so we can deal with it. It is about vouchers for school meals; it could be about how we get food to the poorest in society generally. It is not all a Defra responsibility, but you are the Minister for food, are you not? It is in your title. We take that very seriously.



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**George Eustice:** Food is an issue that we cover. The food review that is currently being run by Henry Dimbleby has looked at this, and it is something that Victoria Prentis, as I said, has led on across Government in putting together the taskforce. It cuts across many Departments. The DWP has done a lot of work to increase the rates, for instance, on universal credit and speed up the processing of applications. Big improvements have been made on that front. It also cuts across Departments like MHCLG, particularly since local authorities are the delivery vehicle for some of the support we have announced.

Q168 **Chair:** You mentioned the Henry Dimbleby report. He has made a report now on how people who are finding it difficult, those who are in food poverty, can get greater access to food. Are you considering that report and where is it, really?

**George Eustice:** It is an interim report that he has set down. His full report will probably come next summer. It is an independent report and an independent review. When it concludes, the Government will look carefully at the recommendations. In the context of food affordability or household food insecurity, the Prime Minister has recently announced a package of measures that addresses some of the issues that people have highlighted.

**Chair:** I am hoping that we, as a Select Committee, will have a chance to look at that in the future. Thank you for those answers.

Q169 **Geraint Davies:** On the back of the last question, can I simply ask the Secretary of State whether he thinks people should have the right to food, given that millions of people cannot afford, as you have described, to have food on the table in their household? Should we have the right to food in Britain?

**George Eustice:** What we have and have always had in this country is a benefits system that is there to help those who do not have an income, so that they can afford the essentials in life, including food.

Q170 **Geraint Davies:** Moving on to plastics, you will be aware that there has been enormous growth in plastics, partly through PPE but also for other reasons in terms of plastic packaging. Do the Government intend to measure the volume of plastics we consume in Britain each year? Is there any plan to reduce that amount? Have you any plans to target the amount of plastics we consume in order to drive down plastic use? What is the approach on taxing plastic? We heard a few years back about the idea of taxing plastic that was not being recycled or did not have recyclable content.

**George Eustice:** Yes, there are estimates on the use of certain single-use plastic items. As you will know, we have announced a number of interventions in this area. We introduced the 5p single-use carrier bag charge. That led to a substantial reduction of about 80% in the use of those bags. We have recently announced an increase to 10p for that



charge, and we are going to extend it to all retailers. That policy has been a great success in reducing the numbers of single-use plastic bags used.

In October, we brought in a new ban on single-use plastic stirrers, plastic straws and plastic cotton buds. We are giving consideration to other single-use plastic items, including plastic cutlery and plates. To answer your wider point, the Environment Bill introduces the concept of extended producer responsibility. That is a mechanism by which we will have the right levies and charges in place to incentivise all producers in all sectors to think very carefully about their use of packaging, including plastic packaging, to try to reduce our use of these items.

Q171 **Geraint Davies:** Given you have found that putting a small levy on plastic bags has dramatically reduced the amount of plastic bags being consumed, will you be pressing the Treasury perhaps to tax virgin plastic so it is more affordable to switch to sustainable alternatives?

**George Eustice:** We have always said that we are open to a range of policy interventions and tools, depending on the circumstances. In some cases, that is just a ban. That is the simplest and easiest thing to do. That is what we have done in the case of plastic straws, stirrers and so forth, where they are really not needed and you can get a direct change.

In some cases, it is through some kind of levy or charge. That has worked very well on single-use plastic carrier bags, where you cannot really ban them altogether but you can disincentivise their use. Then there are other policy interventions such as extended producer responsibility, where you make the producers that are manufacturing and packaging goods take responsibility for the cost of the products they are using, so there is an incentive for them to reduce their use of plastic packaging.

Q172 **Geraint Davies:** On that, as you will know, something like 90% of the cost of recycling is borne by the council tax payer, not by the producer. Will you press the Government to burden producers and retailers that force-feed us through shops and the like with cheap plastic on all our food and other products, so that it costs more to them and us, and they look at providing alternative sustainable ways of wrapping our food when we need to?

**George Eustice:** That is precisely the concept behind what we call extended producer responsibility. It will force those manufacturers and producers to think carefully about the packaging they are using and whether they need to use it, because there will be a charge in future associated with its use.

Q173 **Geraint Davies:** Would you not accept that plastic overall is just too cheap? The reason that it fills our dustbins and that we do not reuse it is that it is cheap. The way to make it more sustainable is basically to put a tax on virgin plastic.



**George Eustice:** We think the right approach is the one set out in the Environment Bill, which is to have that extended producer responsibility. It is a complex area. When it comes to food packaging, in some circumstances, particularly on fresh meat, you can extend the shelf life of the food. If you did not use that, you would have more food waste and that also has environmental impacts. There are some complexities to the argument, but, if you are asking whether we want to reduce the amount of plastics used in packaging, the answer is obviously yes. We think the policies we set out in the Environment Bill do that.

**Geraint Davies:** That is very helpful.

Q174 **Chair:** Have you any data on how Covid-19 has affected single use, such as PPE? We understand the need for it, but there has been a massive amount of plastics and masks being used. If you walk through Battersea Park, you see them on the ground. There is a massive amount of plastic being used, and we understand why at the moment, but have you any data? When Covid is over, all being well, and we have the vaccines out there, which is good news, we have to try to reduce the use of plastics because we have gone mad with plastics. I can understand why.

**George Eustice:** This is a short-term crisis that has led to a big spike in the use of plastics in PPE, whether that is gloves, gowns or, in particular, masks. I do not have any precise data on that, but you would not have to look very far to see press releases from the Department of Health talking about how much PPE it has managed to secure to try to deal with this pandemic, because it has been one of the big challenges. There has been a significant short-term spike in the use of PPE, but once we turn the corner on this pandemic people will be all too happy to put down the masks.

**Chair:** If you have any data at all, I urge you after the pandemic to get to grips with the amount of single-use plastics.

Q175 **Geraint Davies:** Secretary of State, you will know the historical estimates. The number of deaths from air pollution was something in the region of 40,000, and since then it has been updated to something like 64,000. There is an inquest as we sit here into a young child's death in south London, which has been associated with air pollution. Can you give an assurance that, next year, after we have left the transition period, there will be enforceable air quality limits? I understand from the Environment Bill that there will not be any limits that are actually enforced.

**George Eustice:** No, my understanding is that the existing targets we have in retained EU law have been brought across, so will continue to be what we work towards.

Q176 **Geraint Davies:** ClientEarth, for instance, could continue to take you to court for breaching air quality limits. Is that right? I understood it would not be enforceable any more. Even though we would have these targets



carried over, no one would do anything about it.

**George Eustice:** There will not be a European Commission to enforce it, but they will nevertheless be legally binding targets that we are working towards. In addition to the targets that have come across in retained EU law, the Environment Bill requires us to set targets for air quality. We will in the new year be consulting on what those targets should be. Those will be in addition to the targets that have come across in retained EU law.

Q177 **Geraint Davies:** We have been told in the Environment Bill that the targets are being set in 2022, they can be changed by the Secretary of State and they would not be legally enforceable because we do not have the European court, as you just described. Is there a case to bring forward targets that are enforceable, in order to reduce the number of deaths we are seeing?

**George Eustice:** I do not accept this caricature that only the EU can enforce things. We have our own systems in this country. We will be introducing the Office for Environmental Protection, which will perform a watchdog function over the Government agencies and, indeed, the Government themselves on these matters. We have our own courts that are there to enforce the law.

Q178 **Geraint Davies:** You will know that people are increasingly concerned about indoor air quality as well. The Royal College of Physicians has been talking about it. Will you give a commitment that, on an annual basis, the Government as a whole will give some sort of parliamentary report on how all the different Departments are working together to try to improve air quality? I know you work together with the transport, housing and planning Departments, for instance, as well as health. This is a public health crisis. Can you give some sort of commitment that we will have an all-Government rather than just a Defra approach, with an annual report on both outdoor and indoor air quality, and what you are doing to improve it?

**George Eustice:** Under the Environment Bill, we will have an environment improvement plan that includes a section on air quality. Every year, the Government will publish an update on the trends, their progress, where things remain problematic and where more needs to be done. That report will be published every year. It will be scrutinised every year by the Office for Environmental Protection and it will be laid before Parliament. It will no doubt be the subject of debate, and I am sure this Committee will want to have Ministers before it to discuss its findings.

Q179 **Geraint Davies:** Will other Departments, like the Department for Transport and MHCLG, be required to make a contribution towards that report, so we can all know what everybody is doing to help air quality both indoors and out?

**George Eustice:** While it is a Defra responsibility to produce the environmental improvement plan report, the issues it addresses cut across multiple Departments, including the Department for Transport,



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particularly in the context of air quality, but also local government. Multiple Government Departments will have a role in delivering the objectives that we set out in that environment improvement plan.

**Q180 Chair:** The Environment Bill talks about waiting until 2022 before setting tighter targets. I take it that you do not have to wait until 2022. You could come forward with tighter targets before. Are you considering that?

**George Eustice:** We set October 2022 in legislation, because we judged that to be the time that would be needed to get these targets right. We wanted to make sure we have a set of meaningful targets that we have fully consulted on, so we have already started engagement with certain interested parties and some of the organisations that have a particular interest in particular fields to get their feedback. There has been a document published against which we have engaged. We will then be consulting further on those targets in the new year, and going through quite a rigorous process to make sure we set targets that are meaningful, but also right and deliverable.

**Chair:** I encourage you to speed up the process if possible.

**Q181 Robbie Moore:** I want to touch on the Spending Review. We have heard the chief exec at the Environment Agency, Sir James Bevan, and Tony Juniper at Natural England raise concerns about the amount of funding those two organisations are getting to carry out their statutory commitments. With the Spending Review announcing a commitment on enhancing the environment and nature, how confident are you that the Environment Agency and Natural England can deliver on those programmes that they say they want to deliver and their statutory requirements going forward?

**George Eustice:** I am confident that they can. Over the last decade, for reasons we all understand, there has been quite a bit of pressure on public finances. Non-protected Departments, including Defra, have had to make savings, but it is important to recognise that the Environment Agency is the largest part of Defra by a very long way. It has almost 10,000 staff: some 6,500 staff on flood-related work and then others doing other work, including some work that is recovered by fees and charges for permitting. They have a significant number of people.

We have agreed through the spending review process that we will look at the challenges that ring-fenced budgets cause. For an organisation like the Environment Agency, while it has no shortage of staff, often people are ring-fenced or tasked to a particular job, which reduces their ability to flex staff to do different tasks. We will be looking at that particular issue.

During the Spending Review, we got some additional money for important areas, including the delivery of additional flood schemes, which is additional money for the Environment Agency, and the nature for climate fund, which is an area that Natural England will be quite involved



in delivering. Some important funds have come out of this one-year Spending Review, which will help both of those agencies.

**Q182 Robbie Moore:** Can I ask a quick supplementary to do with particularly Natural England and maybe the Rural Payments Agency, which are bodies that I assume are going to be heavily involved with transition from BPS into ELMS and such? To specifically focus on the change in the subsidy scheme, do you feel confident that Natural England and the RPA have the resources they need, finance-wise, to carry on with that?

**George Eustice:** Yes, I do, because the Rural Payments Agency, having had a few difficulties a few years ago with the new scheme that was introduced by the EU, worked very hard to get that back on an even keel. The payment window has just opened and very few people would have had complaints from farmers, because around 95% have already received their BPS payment this year, even though the payment window opened just a week ago. They are in a good position.

We are simplifying the legacy CAP scheme and shutting down all the greening rules. That frees up administrative time. We are simplifying forms. We have the freedom now that we are outside the EU. We are getting rid of those tiresome EU auditors who used to create all sorts of problems for people. We can now do things in a much more pragmatic and sensible way.

**Q183 Chair:** When you have got rid of all these EU people who have been sniffing around all your payments and our payments, are you absolutely confident that the National Audit Office will not do precisely the same?

**George Eustice:** We have a different tradition. Yes, we will have the National Audit Office looking at us and making sure that money is spent properly. That is absolutely right, but the National Audit Office will not be saying, for instance, "That map is not quite to four decimal places and, therefore, that is a major breach"; "That gateway is too wide"; "We do not think a hedge in Devon is a hedge after all," which is the type of nonsense we have had to endure in the European Union.

**Q184 Chair:** You are not going to require remapping every one, two or three years, are you?

**George Eustice:** One of the greatest failings of the EU system was the manic obsession with endless mapping. The RPA had to remap things every four years. Sometimes the satellites would pick up the shadow of a hedge, which would then trigger some alarm to say maybe the field was smaller than the farmer had claimed it was. There were endless ridiculous problems like that, caused squarely by European law.

**Q185 Chair:** Natural England has struggled in the past to get the information right on stewardship schemes. That has caused the delay of payments. The RPA has picked up on part of it and that seems to have improved the situation, but are you confident you are going to get that absolutely right? It will have a knock-on effect on farmers buying into ELMS. It is a



slightly different concept, but it all has a link, really.

**George Eustice:** Yes. The concept behind our future scheme is to get away from the obsessive mapping that we have had to endure under the EU and, instead, move to a scheme that is less about maps and land area, and more about the management interventions on that land that will deliver for nature and the farmed environment. In the future, we want to get to a situation where there is a trusted and accredited agronomist or adviser who will walk the farm with the farmer, put their boots on, get out there, walk the fields, and then come back to the kitchen, sit down round the kitchen table with the farmer and help them put together a plan that is right for their farm. That is a massive change from what we have now, which is endless form filling and mapping.

Q186 **Chair:** That answer has taken me neatly into the final question. You have announced significant cuts in direct farm payments by 2024. Nearly 50% of the basic farm payment will be siphoned off by 2024. When will you set out details of what farmers will need to do in order to access the environmental schemes you are offering instead? When will you start to put the monetary value on these schemes, because that is also important?

**George Eustice:** We will be doing a series of consultations following up on the agricultural transition paper in the new year. That will include, for instance, consulting on our plans for a voluntary exit scheme to support farmers who want to exit the industry to do so with dignity. We will also be exploring the issue of payment rates and what payment rates are appropriate, so we will be seeking people's views on that matter. I would envisage, as I said before, that we would probably consult or give further detail on the precise design of the sustainable farming incentive during the first half of next year.

Q187 **Chair:** Are you confident that the piloting of ELMS, the way it is going to be practically delivered and the buy-in from the farming population to the new scheme, will be rolled out in time and will take notice of what it is like on the ground, rather than creating a scheme from academics?

**George Eustice:** Yes. As I said, we want these new schemes in future to be put together by people who have not just looked at the farm on a satellite picture, but have walked the farm in their wellington boots. That is a major sea change. It means we can deliver for the farmed environment and take a lot of the frustration and bureaucracy out of this system.

**Chair:** I look forward to getting all these people with wellington boots on to our farms and making sure that we have practical solutions in the future, because it is exciting and something that we can really get right. I look forward to that happening and working with you. I assure you this Select Committee will take a great deal of time and effort in scrutinising all of that.

Secretary of State, can I thank you very much for your time? In the last



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week, you have spent nearly five hours in front of us, which is probably more than any man should have to have put on them. Seriously, we appreciate your time. We appreciate your answers to us. There is a lot of work going on. Let us hope that we get a final deal as we completely leave the EU on 31 December and get some sort of trade deal in place. I thank you very much for your answers today and, like I said, we look forward to seeing you again in front of us in the near future, but I promise you it will not be next week. Have a good Christmas.

**George Eustice:** Thank you. I would also like to thank Mark Thompson and Emma Bourne. Mark did not get drawn on in the event, but he has been working very hard on our negotiations on the free trade agreement on these matters.

**Chair:** You will be able to take total credit for it, Mark, if it is achieved. Emma and Secretary of State, thank you very much for your contribution. I thank all members.