European Affairs Committee

Corrected oral evidence: The UK-EU reset

Tuesday 17 June 2025

3.30 pm

Watch the meeting

Members present: Lord Ricketts (The Chair); Baroness Anelay of St Johns; Baroness Ashton of Upholland; Lord Frost; Baroness Hayter of Kentish Town; Lord Jackson of Peterborough; Baroness Ludford; Lord Stirrup, Baroness Suttie; Lord Whitty; Baroness Winterton of Doncaster.

Northern Ireland Scrutiny Committee members also present: Lord Carlile of Berriew; Lord Empey; Baroness Ritchie of Downpatrick; Lord Thomas of Gresford.

Evidence Session No. 13 Heard in Public Questions 145 - 160

Witnesses

I: Tom Bradshaw, President, National Farmers' Union; Professor Emily Lydgate, Professor of Environmental Law, University of Sussex; William Bain, Head of Trade Policy, British Chambers of Commerce.

Examination of witnesses

Tom Bradshaw, Professor Emily Lydgate and William Bain.

Q145 **The Chair:** Good afternoon and welcome to the European Affairs Committee, continuing our inquiry into the UK-EU reset and dealing today with the issue of sanitary and phytosanitary arrangements with the EU—SPS for short. We are delighted to be joined by four of our colleagues from the Northern Ireland Scrutiny Committee, who are in the course of an inquiry into the interface between these issues as they relate to Northern Ireland. Lord Carlile, chairman of the committee, Baroness Ritchie, Lord Thomas and Lord Empey, you are very welcome.

We have three witnesses to take us through these issues today: Tom Bradshaw, president of the National Farmers' Union; Professor Emily Lydgate, co-director of the UK Trade Policy Observatory; and William Bain, who is online, from the British Chambers of Commerce. Thank you very much indeed for joining us. To make my usual opening comment to witnesses, you do not all have to answer each question. If there is something you would like to focus on and you sometimes let questions go past, you are very welcome to do that. Each member has a question to put to you.

I wanted to start with some very brief thoughts from each on your overall assessment of what came out of the 19 May summit of particular interest in your sectors, bearing in mind we will unpick the detail as we go through. Please give a very quick overview of where you think it came out to break the ice and then we will get into more detailed questions.

Professor Emily Lydgate: Thank you very much for having me. This was a hugely significant deal overall. It seemed to me that the mood music that gave rise to a greater sense of strategic alignment between the UK and the EU had to do with an increased awareness about the security interdependence and concerns about the reliability of the US as a partner.

The most meaningful outcome in material terms today is that the EU and UK were both able to move past some of their previous red lines, in the sense that they agreed deep sectoral alignment, quasi-single market access, for the UK in agriculture. That means that the "no cherry picking" line is officially dead from the EU and, from the UK, it shows that the UK is not prioritising regulatory sovereignty and independence as an end in itself, but is thinking more about what other aims it serves. That is a huge shift on both sides.

William Bain: BCC members and business in general hugely welcome the outcomes of the summit. In terms of the BCC's objectives, before the summit we achieved or made substantial progress on five of them, with real promise of negotiations yielding a reduction in cost for trade in goods, particularly for agri-food, which I know we are going to discuss today.

We also welcome the security and defence partnership agreement, which presents great opportunities if it is followed up by a secondary agreement, with procurement opportunities into the EU's forthcoming SAFE facility. We also welcome the progress made in terms of youth experience, ETS linkage and reintegration within a single electricity market. These are all very useful outcomes for business. We hope the negotiations are as brief as possible—robust, but as brief as possible—so that we see the real, tangible benefits for business and the economy as soon as possible.

The Chair: Asking for brief negotiations with the EU is quite an ask, but thank you very much indeed.

Tom Bradshaw: Good afternoon. It is really important to recognise that the EU is far and away our largest food export market. About 70% of value goes over to the EU and it is not that different in volume. Since 2019, our volume of exports has dramatically fallen. Depending on which categories you are looking at, it is by around 30% in round figures. Anything that could reduce the friction at the border and improve that trading relationship is something that we welcome.

We have been pushing for equivalence, rather than full dynamic alignment, and there is a concern about becoming a rule taker without a sufficient ability to influence those rules, particularly when it comes to science and evidence-based policy-making. The gene editing technology, which we had passed through in legislation in the UK, and how we can utilise that technology, is an area that we are very interested in, because there are advantages, should we be able to adopt that technology. It does not help, necessarily, for the EU to be able to put that on pause as part of the dynamic alignment.

We have some concerns but, in general, anything that can reduce the friction both ways—because we were struggling with imports of plant material from the EU as well—is welcome. Increasing that demand for the products that we produce is how we are most likely to get the greatest returns and the best recognition of value for the products that we are producing.

Q146 **Lord Frost:** You have begun to answer this question, but let us dig into it. First of all, would you agree that this is a high-integration agreement as regards the SPS aspects of the reset? Why did the Government go for that outcome in the end? Do you welcome it? Mr Bradshaw, you have already expressed a degree of scepticism perhaps about that. Maybe you would like to expand on that in your answer.

Tom Bradshaw: Our headline is that we welcome the closer relationship and removing the friction at the borders, which we will see on both exports and on imports. The challenge we had was that our exports to the EU had fallen substantially, because they had treated us as a third country from the start, whereas we had never placed the import checks on the EU. There was a very real risk for our horticultural sector of importing plant disease through our inspection centres and of disease spreading in those areas. That was a real concern with delays through those inspection points.

In general, the reduction of friction is absolutely fundamental to getting the best value for the product we produce. There is this question about how we will genuinely be able to influence those rules. That is where full dynamic alignment, particularly in areas where we are no longer aligned, is a very real concern. We have areas where, as a country, we have decided that we want to move forward with a science-based approach—gene editing being the critical example, but some plant protection products as well—and we do not know whether there will be any carveouts that give us the ability to continue to develop that technology.

If I were an EU member state that supported the science-based agenda, I would think there is real merit in giving the UK a carveout, because it puts pressure on the EU to come forward with the legislation that enables the EU to utilise gene editing, which we know it is looking at very carefully. If it gets stopped now, the very real risk, as Lord Ricketts said right at the start, is that things do not tend to happen quickly with the EU. We may be five years down the line and still not have the ability to utilise the technology, which could really help with sustainability for the long term.

Professor Emily Lydgate: We can get into gene editing but, on the big picture, it is useful to keep in mind that, after the transition period, the UK was in a position where it was, in fact, aligned with the EU fully but, in law, had zero recognition of that alignment. It had the hardest possible third-country status. In fact, the EU imposed more border checks on UK food and animal products than those from New Zealand, for example.

That really underscores the significance of what we have now, which is a proposal for a common SPS area. In the words of this common understanding, this removes border checks and controls on the vast majority of movements of animals, animal products, plants and plant products into Great Britain. It is important to keep in mind that this is a very ambitious deal and a very significant shift in policy.

William Bain: It is potentially a high-alignment agreement, Lord Frost, but it is also potentially a high-reward agreement, if we consider that the food industry was spending, on average, £60 million per year on export health certificates, moving products of animal origin or plant products from Great Britain to the European Union. Removing that cost is good for profitability, is good for efficiency and may help us to recover some of the lost trade that was experienced after 2021 in terms of agri-food products.

The BCC is focused on the outcomes. We wanted to see a removal of export health certificates, the ending of the requirement for routine foodstuffs to go through border control posts, the ending of the common user charge, and the opportunity, recognising it will be difficult, to recover some of the lost trade in agri-foods that was experienced after 2021.

We look forward to the negotiations. We recognise that dynamic alignment is perhaps the only route by which our objectives can be achieved, but we hope that there can be a balanced agreement that allows for carveouts, in the sense that Switzerland was able to achieve some carveouts in its negotiation with the EU as well.

Lord Jackson of Peterborough: Can I come back to you, Mr Bradshaw, on your very interesting response to Lord Frost's question? The key question to you is about the loss of potential competitive advantage in not diverging on things such as gene editing, GM and neonicotinoids, where we have differences of opinion with the EU Commission. Is there someone auditing that? Is there someone looking at opportunity cost?

You are right that, in the short term, there is an advantage of more flexibility at the border but, in the long run, notwithstanding trade deals, is there an assessment of the opportunity cost lost by dynamic alignment in these areas and are you doing it?

Tom Bradshaw: I believe, on gene editing, there is an assessment of the opportunity cost that has been done by Defra. I would not want to comment on that, because I have not read it. Emily may well be able to provide the detail on that. We were discussing it outside earlier on.

On neonicotinoids, there is no difference in view. The EU had banned them. We were one of the last countries to have an emergency authorisation. We still think there is merit in emergency authorisations, particularly for sugar beet, but we have not been granted one for this year.

I go back to the principle that the EU is far and away our largest marketplace. About 70% of our export volume for food goes to the EU. It is seven times greater than any other export market; the next largest is the US. With it being our closest trading partner, reducing friction and regaining some of that lost trade is how we should be able to maximise the value for the products that we are producing, by creating that value. We have to recognise that there are potential frustrations with dynamic alignment but also, in pure value and opportunity terms, the reduced friction should work and give us the opportunity to build back some of those exports.

Lord Frost: I have one quick follow up to that. In the so-called UK-EU common SPS area, one thing that will not be common is the subsidy arrangements for agriculture in the two areas. Potentially, the EU arrangements are likely to be more generous over time, in terms of what we know so far. Does it worry you, or worry the people you represent, that you might be part of an open competition area, as regards rules, but subject to very different support arrangements?

Tom Bradshaw: As I am sure Lord Frost knows, we already have that internal market disruption with what is going on between Scotland, Ulster, Wales and England. In England, moving forward we will have the least supported agriculture in the world for a developed economy. The EU is going through the next big CAP reform at the moment. It is difficult to predict exactly what it will look like, but how far it moves towards public money for public goods and away from the social element, which has always been such a strong part of the EU payment scheme, is very much open for debate.

Anything that creates unfair competition clearly is a concern, but that concern is not limited to the EU. We already have our internal market dynamics, where there are now different regimes across the devolved nations.

Q147 **Baroness Hayter of Kentish Town:** You talked about the frictions that the SPS agreement would remove. There is the export health certificates. Could you also detail what other frictions would go and those that would not? What would remain, in fairly concrete terms, with examples?

Professor Emily Lydgate: The agreement does some of the heavy lifting in listing a sectoral scope and the framework for exceptions, but there is still some uncertainty around the edges of what that means. For example, the sectoral scope includes marketing standards, but there are areas of marketing standards, such as single-use plastic restrictions, which are stricter in the EU, or ecolabelling rules, that would never be considered SPS traditionally. They would be considered TBT. There will be a debate and negotiation about where the line is.

This is why it is so different from the Swiss agreement, because there is a cliff edge between what is and is not included in terms of border checks. It is not a customs union, so you will still have all checks associated with rules of origin and tariffs. Finally, there is some ambiguity about the scope of the exceptions. There are criteria for how exceptions are defined. The UK cannot have lower standards in those areas, which could be interesting for the debate on gene editing. Also, the UK cannot impede EU market access and cannot export anything that does not comply with EU regulations.

Where those exceptions will lie is up for debate. I would recommend reading the Swiss agreement, because it is really interesting and informative in seeing how some of these issues were resolved.

Tom Bradshaw: There is one area that will be resolved by the deal. We lost the ability to export seed potatoes to the EU, which was a very important market, and that is an area that will be resolved. Just because we now have the ability, as William was saying, it does not mean that that export market immediately comes back. We now have the opportunity to build that market back, and that takes time, once you have lost access to a market.

The one thing we cannot have is this yo-yo effect that we seem to be in the middle of at the moment: further away, closer together, further away, closer together. We need certainty, so that all businesses know what we are dealing with for the future.

William Bain: The other area where the UK, in respect of GB, can rebuild its market access is, of course, in terms of bivalve molluscs, which is particularly important to fisheries traders in Scotland.

In terms of those controls that will remain, as Emily set out, this will keep in place several costly controls. British Chambers, for example, would quite like to see the end of safety and security certificates in both directions on GB to EU movements of all exports and that is not, as yet, part of the common understanding. Those would stay in place. The requirement for origin certification will remain, as will customs declarations, and of course, depending on the good being traded, there are other regulatory requirements, such as REACH in terms of chemicals.

This is not a return to frictionless trade. Businesses are very clear about that, but they are supportive of stripping out cost, delay and red tape from the system of food exports that they have experienced in the last four and a half years.

Baroness Hayter of Kentish Town: Of the stuff that is being removed, you have just said £60 million a year could be saved. The Government estimate that the removal of export health certificates could save businesses about £200 per consignment. Maybe this is a question for the professor. What is your estimate about those savings being passed on to consumers, either here or in the EU?

Professor Emily Lydgate: Since I am an academic lawyer, I defer numbers questions to my more practically oriented colleagues. I have not seen an estimate of that, but it is a good question.

Tom Bradshaw: There was a narrative post the EU reset around this leading to cheaper food prices at the retail shelf. I do not think we can connect the two, if I am honest with you. We had not implemented the checks substantively coming into the UK, so the real cost of the imports was not there. If it has limited demand for the product we are producing, it has suppressed the price. There is a question as to how it leads to cheaper, more affordable food for the consumer.

Baroness Hayter of Kentish Town: The NFU, in its written evidence to our committee, warned against an ambitious SPS agreement being reached at all costs without full consultation. From what you have been saying now, gene editing is maybe one of your worries. Are there others that you are anxious about? That was quite a strong warning.

Tom Bradshaw: There is alignment around plant protection products and registrations. We have products registered that are not available in the EU at the moment. They would have been given a 10-year registration. There is a very real cost to that registration for the companies that registered the products and they are important products for the control of disease within the crops that we are producing here.

We do not know the detail of how we will align. Will there be a use-up period? Will they expire at the end of that regulatory time? Will we have to fall in line on the day that this takes effect? We are being told the earliest that this will be implemented is 1 January 2027. That is if everything goes smoothly.

At what point will we stop having access to those products? If it is 1 January 2027, there will be a lot of people who do not bring them in next year because, if they do not sell them, they will not be able to sell them the following year. There would be immediate consequences for those products that are registered here, licensed here, but not in the EU.

Q148 **Baroness Ludford:** I perfectly understand your concern about swinging backwards and forwards. In that light, there has been speculation that the prospective SPS agreement would mean that border control posts, established to carry out post-Brexit checks, become redundant. That would be great, from my point of view. How would customs declarations, origin checks, and safety and security checks, be carried out, if there were no longer any border posts? Goodness knows what the expense would be.

Professor Emily Lydgate: When it comes to border checks, there is a practical reality that the UK has been quite slow in acting on protecting its borders and has continued to delay the introduction of checks. Now it already seems to be pulling back on some of its border posts. The important point here is that we are not abolishing all border checks. This agreement simply reduces border checks on a sectoral basis on fruit and vegetables. We will still need border infrastructure to do border checks.

Another interesting question is the extent to which the EU, as part of these negotiations, will put pressure on the UK to maintain border checks. Pursuant to this agreement, we become the external border of the single market for food and drink. The EU will be quite interested in the UK maintaining checks, because that will ensure that whatever goes in a frictionless way from the UK to the EU also complies with EU regulations.

Baroness Ludford: The EU’s concern is not the other direction, so then there is an issue hanging here about what the UK does about checking imports. We are not doing it at the moment, so maybe the prospect is that we will not do it in the future either.

Professor Emily Lydgate: Third-country imports coming into the UK will now become more of concern to the EU, because of the prospect that they could then pass on to the EU.

Tom Bradshaw: One of our biggest concerns is about illegal imports from the EU. They are coming in through our border. There is a very real risk of disease coming in, particularly with pork products and something such as African swine fever. We have a real concern about that. We need funding at our borders and a real deterrent at our borders to stop illegal meat import. That is very different from legal imports being checked, but they all lead to maintaining the reputation of British production. That is very important.

Q149 **Baroness Winterton of Doncaster:** To go back to the costs and savings, the £60 million figure is generally agreed on in terms of reducing friction and so on at the border. You said in response to Lord Jackson that, in future, there could be opportunity costs, et cetera, but, at the moment, with what we have in front of us, are there any further savings over and above the £60 million that you can think of? Are there any immediate costs that arise directly from what has been agreed?

William Bain: In terms of imports, it is important to recognise the impact that the common user charge, which importers have faced on goods passing through the border control posts at Sevington, has had. Costs per certificate here have been as high as £145. That has been particularly onerous for SME importers. Removing that cost from the system on 99.5% of goods, admitting that there will be checks still on the most high-risk goods entering the UK, is going to have a positive impact on business costs.

Of course, as was said earlier, there are a number of factors that go into food prices. One cannot have a direct read-across, but it will reduce the pressure on importers' costs. In terms of exports, the removal of the requirement for export health certificates on a whole range of products, from langoustines to fruit and vegetables, will again lower costs for UK exporters, which is very welcomed by the 42% of British Chambers members who export. Many of them export into the European Union.

Baroness Winterton of Doncaster: Is that over and above the £60 million that you talked about before?

William Bain: On the import side, the removal of those costs of up to £145 per certificate will be additional. On the export side, the £60 million applies to that.

Baroness Winterton of Doncaster: There are no immediate actual costs, rather than savings.

William Bain: It will depend on the nature of the agreement that is negotiated but, given that it is an agreement that removes non-tariff barriers to trade and does not create any new barriers to trade, it is hard to see any additional costs businesses would face.

Q150 **Baroness Ashton of Upholland:** I should say I was the EU trade commissioner, so I have a slightly different perspective, not necessarily a more helpful one. My experience of any trade deal is that, when you are exporting into a market, there are laws that that market creates for you. The most obvious example is on emissions, where I was looking at our relationships with a number of countries. Mr Bradshaw, I also dealt with chlorinated chicken for quite a long period of my life.

One of the other ways of approaching it is to look at what has been done elsewhere and the opportunities that that provides to look at precedents or to think about the bespoke arrangements that you want to have in mind. The most obvious example, which Professor Lydgate mentioned, is Switzerland and what has happened there.

We would be interested in whether you see areas that could be described as potentially setting a precedent or whether there are issues we should be mindful of when thinking about how to look to implement the agreement. I do not anticipate that this is it. There are many other things to be done. We are simply at the beginning of a process. Are there areas you think are particularly interesting in the Swiss agreement?

Professor Emily Lydgate: It is ironic. For years, we heard from the EU that it did not want to replicate the Swiss model and that there is no such thing as the Swiss model, but now we find ourselves, at least with respect to this common SPS area proposal, looking to Switzerland. Again, I would recommend looking at that agreement, because there is quite a lot in there that is very instructive for us now. I could just briefly highlight a couple of things.

One of them is the exceptions that were agreed. Most of them were areas in which Switzerland has higher standards. It is more protective about GMOs—you can call that higher standards; that could be controversial—and animal welfare. Switzerland was able to maintain some of its animal welfare standards, which are higher. The one area where it had "lower" standards was hormone-treated beef, and that was carried over from previously not being able to pay the US for losing a WTO dispute many years ago.

Also, in terms of the consultative processes envisaged, essentially Switzerland is able to have its experts consult on regulatory formation and this happens in the joint committee. The joint committee is very important in terms of inputting into regulatory formation and implementation, as well as for the way that dynamic alignment is managed. New EU regulations go into an annexe. This is similar to the way that the Northern Ireland protocol is structured as well.

It is heartening that the EU in that agreement recognises and gives scope to Switzerland's domestic constitutional and parliamentary requirements. Dynamic alignment is not automatic. Already, in the common understanding, we see language to this effect: that the EU will respect our constitutional and parliamentary processes. If there is one point I would want to make today, it is that it is absolutely essential that the UK does not take an executive-led approach to dynamic alignment.

Switzerland is a great example of how you can have a democratic will to align with the EU. It is not always that regulatory sovereignty is the only legitimate democratic path. The UK Government have to be careful, because they have an opportunity to, in a sense, relitigate this rather tired idea of sovereignty, but they have to do that by having strong and robust democratic processes that guide whether we dynamically align.

We already have some domestic models of dynamic alignment. Some of them are better than others. We would not want to go down the route of the Product Regulation and Metrology Bill, which is quite executive-led. We need to look at the Stormont brake or the Scottish continuity Act, but perhaps we will get into implementation a bit later, so I will stop there.

Tom Bradshaw: I do not have a lot to add, because so much of this is going to end up on the detail of the deal. We know we will have observer status in the committees and we have to look to maximise the value of that. How can we really make sure the voice of the UK is heard within those conversations? That is going to be very important. We also know that we will not have a vote, so it does end up with us being in this place of being a rule taker. How we influence that is going to be very important.

You do deserve credit, if you have been working on chlorinated chicken for a period of time. We still do not have it, so let us count our blessings.

William Bain: As Emily said, the draft agreement between Switzerland and the European Union bears a great deal of scrutiny. I am sure the committee will want to use this as an important reference point in its deliberations. It is important for a few reasons. Principally, it reflects a new approach to how Brussels views its relationship with key European partners who are not in the European Economic Area.

Effectively, there is, in part, the ability to have access to the single market on preferential terms and that is an important principle. It shows the modernisation approach, away from, as perhaps Lord Frost will have encountered in the past, a very monolithic approach to access to the single market.

The text also bears a great deal of scrutiny in terms of what would be required in dynamic alignment on SPS. It is likely that the UK will have to join, either as an observer or in some other status, the European Food Safety Authority and make contributions towards that. It would have to reintegrate with important EU databases on food, such as the TRACES system and the rapid access system. That would come with some cost to the UK as well.

Of course, as Emily was discussing there, article 12 of the draft agreement provides a mechanism for potential third-country involvement throughout the legislative process in the EU institutions, which could be very useful for the UK as well in terms of not having a vote, but shaping the legislation and influencing it in ways that are conducive to the UK's interests.

Baroness Ashton of Upholland: Observer status in the EU is what you make of it. The EU rarely votes, but observers can be incredibly influential, if they work at it.

The Chair: We have a specific question on the issue of decision shaping coming up. Thank you very much indeed.

Q151 **Lord Jackson of Peterborough:** It is worth restating that we have chosen to be rule takers. That is a political decision by our Government. It has not accidentally happened. We have chosen politically to be rule takers and observers, rather than to have a vote and some more direct influence.

Can I ask you about the carveouts? You mentioned carveouts at the beginning in respect of dynamic alignment. Mr Reed, the Defra Secretary of State, said the day after the 19 May agreement that there would potentially be carveouts in areas such as gene editing, but clearly there were two problems. One is that there has to be a defined mandate by the member states to the Commission on the EU side and, for us, we do not have any information as to what carveouts are being deemed acceptable or are red lines, et cetera.

What are the most desirable carveouts, Swiss style, and what do you think will actually happen?

Tom Bradshaw: The one that I have highlighted several times is gene editing. That would be our priority carveout. There are principles around how we would be able to utilise gene editing and get a carveout, but we would have to be able to evidence that product going into the EU has not been produced using that technology. For something such as wheat, that is quite difficult.

There is a gene-edited strawberry that could be developed. If it is something such as a strawberry, it is a variety and it is very traceable back to producer, that could be easier, but then what happens once you end up with strawberries going into frozen fruit and further down the chain? It gets more complicated. Evidencing that the product has not been produced using GE, if we have the ability to utilise GE, becomes quite difficult. That is all the detail that is going to be worked through.

There is a principle here around driving our science and research bodies and letting them have the opportunity to be genuinely world leading. If we renege on the ability to use that technology, there is a real risk that we cut them off at the knees and we strip that ability to really drive this technology forward and get the recognition of being globally leading in this field. That is a risk for our science and research community, where there are genuine opportunities.

On the other side of this, you need a market big enough to drive the meaningful investment and research in the first place. We need the EU to be willing to adopt this technology at some point in the relatively near future to make it a scalable market that is attractive for those who are going to be investing in the technology. There is a bit of chicken and egg here. Our fear is that it gets put on the back burner. If it gets put on the back burner, whose interest is it to drive it forwards again?

Lord Jackson of Peterborough: Is there a simpler solution? Given that we have heard that the cherry picking has gone out of the window and there is cherry picking, is there a solution with enhanced labelling? For instance, for US beef, as I understand, with the Swiss model, you are essentially putting the choice back to the consumer.

I accept that there are issues around whether it gets into the supply chain, et cetera, and the integrity of the single market, but enhanced labelling puts the onus on the consumer to choose. That is what the EU has allowed the Swiss to do. Is that a goer with the UK or is it completely different for us?

Tom Bradshaw: It is not with something such as grain. Potentially, there is a route there for "not for EU", but we all know what the connotations of "not for EU" are. We were all horrified that we were going to have to put things on our products that said "not for EU", because that suggests it is a lower-standard product. In principle, with a fresh product that is going direct for consumption, there would be an ability for labelling, but how would that be delivered? Would it be trusted by the EU as providing the traceability required? That is going to be a real question.

Professor Emily Lydgate: My understanding is the EU is moving closer to the UK's approach. It is currently debating a new framework for regulating gene editing that absolves plant products from the GMO-style approach, which is, some would say, a de facto moratorium on approvals, but there are still some differences. For example, the EU has a much more specific definition of what a gene-edited product is in terms of its specific composition. The UK's is more about whether it is detectable. The EU has labelling requirements. There is an evolution of the EU's approach towards the UK's approach, which might make it a little easier to overcome some of these obstacles.

The broader point here, which we have touched on before, as Tom brought it up, is that one of the UK's negotiating objectives, if we are going to find a convergence on this and other issues, should be to have a transition period and to communicate clearly to industry what is going to happen and how long it will take.

William Bain: I agree entirely with Emily and Tom on this. It is also important to recognise that what is going to be negotiated is a GB-only SPS agreement. It is not an agreement that will overlay the Windsor Framework or apply in Northern Ireland. The Commission has been clear that it sees the Windsor Framework as the permanent basis of Northern Ireland's relationship with the European Union in terms of trade in goods.

One of the issues that will have to be considered, if this agreement is negotiated and we get into implementation, is the pull factor of trying to maintain UK-wide alignment on these issues. You could end up with a different category of legislation applying in Northern Ireland through the Windsor Framework, slightly distinct from that which is applicable through the GB-only SPS agreement. That situation would have to be very carefully managed.

I know my colleagues at the Northern Ireland Chamber of Commerce and Industry are very exercised by that point about not reintroducing more friction into the GB to NI goods movement relationship.

Tom Bradshaw: Within the Internal Market Act, we already have some of that as well. I am talking about gene editing as an example. Wales and Scotland have not approved gene editing technology at the moment. We already have that divergence again.

Professor Emily Lydgate: It is just England that has diverged. Scotland and Wales are both maintaining the EU approach.

The Chair: We have our Northern Ireland Scrutiny Committee members keenly wanting to come on to the Northern Ireland interface issues, but I have one or two other questions on the broader picture first.

Q152 **Baroness Anelay of St Johns:** I have a three-part question that relates to the impact of this prospective SPS agreement on our existing and future free trade agreements. Some of the evidence we have already taken has advised us that, if there were deeper integration, it could really completely undermine some of our now and future free trade agreements. The question, first of all, is whether you think that is a fact. If we do have further integration, is there a threat to existing agreements and future ones?

Do you consider that it would require renegotiation of those agreements? There would not just be an impact, but we might have to change them, provided, of course, the other parties to the agreements agreed to that. It is very complicated. If that is the case, which agreements would be adversely affected and need change?

Professor Emily Lydgate: I just came back from Washington DC, where I was reminded by an official from the first Trump Administration that the reason they were not able to let the UK off the hook on steel and aluminium tariffs is that they did not like our EU-based food safety regulation, among other issues. These were all interconnected.

The UK has just signed an economic prosperity deal with the US, which pretty explicitly ring-fences food safety SPS regulation from US influence, although Washington could change its positioning on this. This is a victory for the UK in terms of being able to maintain the ability both to do deep alignment with the EU and to be, arguably, the US's only trade ally at the moment. That was impressive and that issue seems to have moved on a bit.

As for other trade agreements, we talked about science-based regulation. There are provisions in the trade agreements that the UK has signed post Brexit—notably, in its strongest form, CPTPP—that tie the UK to this science-based approach to risk assessment, which is defined in contrast to the precautionary EU approach. What these provisions mean in practice is open to interpretation. The interpretation that matters the most is that of the other parties to the CPTPP.

During the UK's accession process, all the other parties had to review the UK's SPS regulation and ensure that it complied before the UK could be ratified. At that stage, and with some pressure from Japan, which really wanted to get this across the line, they said, "Okay, fine, we accept". That was 2021. The UK basically had EU SPS regulation. Members admitted that that was fine.

However, Canada had the biggest issue and that was with beef hormones. It dealt with it then by saying, "We will deal with this bilaterally, when we do our FTA negotiation". Canada, just a couple of days ago, said, "We are happy to sign off on your CPTPP. We are going to ratify your CPTPP membership, but there is still an issue there". Beef hormones is the one to watch. I mentioned Switzerland before and the fact that Switzerland admits hormone-treated beef. That is because it lost a WTO dispute with the EU. The UK is vulnerable on this front.

Then there is a political calculus. There has been very strong public sentiment and political conviction about maintaining the ban on hormone-treated beef. The worst-case scenario is that we lose a dispute in the CPTPP and there would be some sort of retaliatory response from Canada. Is that worth throwing in our whole trade alignment with the EU? There is a calculus there and there is also some uncertainty.

Tom Bradshaw: There is also this element of the global trade picture having been thrown upside down. Canada was taking a very tough stance on CPTPP. What has happened between Canada and the US, and with a new Canadian Prime Minister, has meant that it seems to be taking a slightly different approach to how it views CPTPP. Countries around the world are looking for allies and making sure they know who their friends are. Trade is one way of demonstrating that. The Canadian developments over recent days are quite interesting. What is that going to lead to?

I am touching wood as I say this, but hormone beef is off the table. It is off the table for many reasons because, if they do it for Canada, they have no option but to do it for the US. If they do it more generally, the EU is going to have a massive problem and then it jeopardises where we are with the EU. That has always been the backstop in all of these negotiations. However hard the US was pushing to try to get access and change those SPS standards, it was a red line for our Government, not just because it was in the manifesto, but because they knew it would compromise the relationship with the EU. There are safety nets in some of this.

This is about what we stand for as a country. Do we stand for high animal health and welfare standards and the production systems that we have developed in this country? Over a million British consumers backed the petition to maintain those standards. If that is what we are proud of and what we stand for, we cannot compromise on that. Otherwise, we end up undermining our own domestic standards and our domestic systems of production.

Baroness Anelay of St Johns: I wonder whether Mr Bain might add something, having earlier on talked about the need for some kind of reliability and certainty.

William Bain: To briefly conclude on this point, equivalence and dynamic alignment are different regulatory relationships, but it is worth noting that New Zealand has an equivalence arrangement with the European Union in terms of SPS and has not experienced too much problem within CPTPP from having that relationship. We would be confident that there is a path to be found. There will have to be discussions, particularly with our new FTA partners.

On the specific question about which markets to look to, in addition to Canada I would also say Australia. The more risk-based approach to food controls, which has been adopted since 2021, has been quite useful in terms of some products from Australia coming on to the UK market. There would have to be discussions, both bilaterally and through the CPTPP processes, in terms of preserving that access and seeking some sort of arrangement with the European Union around that as well.

Q153 **Baroness Suttie:** Returning to dynamic alignment, could you give us a sense of the quantity of EU legislation and regulation that we would have to align to in order to achieve dynamic alignment?

Professor Emily Lydgate: The first step of this negotiation is to take stock of what has actually changed. If we have more or less the same standards on paper, there is not much that needs to happen, other than the governance arrangements. That is quite a technical exercise. We did a version of it, where we went through SPS regulation on both sides, and we found that the main areas that have diverged are pesticides, which Tom mentioned, PPPs and maximum residue levels, food additives and contaminants, so arsenic levels for example, and gene editing.

These are all areas where the EU has tightened up. It has stricter regulation. In animal welfare, there are a few areas where the UK has introduced stricter regulation on the use of animal testing and transport of live animals. These are the first port of call in figuring out how to realign. Then the next question is how to manage the sectoral scope, so which things are in and which are out, and then how to manage dynamic alignment of new regulations.

Baroness Suttie: Presumably, to do that effectively, we have to have the resources to monitor this. Do we currently have sufficient resources to monitor this effectively?

Tom Bradshaw: We have always monitored maximum residue levels for imports. Is it thorough enough? We would probably need to look at how frequently it is being tested, but MRLs are something that we have always had to stick to, regardless of the trading status. That product has to be safe to go on to the marketplace. Maximum residue levels are part of that. How that testing regime enforces it is very important.

It is the same for the US supply chain of beef, which has to be hormone-free. We need to make sure that that supply chain has integrity and it is hormone free. That is going to be really important as well: that it can demonstrate the integrity of that supply chain. We are not sitting here with overriding alarms about it, but we have to make sure that we enforce the regulations that are within the deals.

William Bain: I looked at all 171 pages of the Swiss-EU draft agreement earlier on today. There are over 40 pages of regulation in that text that Switzerland has to align to. That includes everything from food hygiene to packaging that comes into contact with food, to labelling and marketing standards. There will be quite an extensive array of issues that the alignment mechanism on the UK side will need to cover.

Again, we come back to what we discussed earlier about the UK being re-involved again, if there is an agreement, with the European Food Safety Authority. Many of the decisions that are taken there about how EU legislation is implemented will need to be followed on a granular level as well. That is important when thinking about the alignment ecosystem in terms of SPS.

Q154 **Lord Stirrup:** "Dynamic alignment" is a snappy phrase, but it is not entirely clear what it means, particularly in the UK context. In the case of the Swiss, they do not automatically align everything to EU rules. They go through their own processes, their own parliamentary procedures. We have said more or less the same thing here. There is a degree of uncertainty about exactly how the system will work. Presumably, that level of uncertainty is not terribly helpful for the sector.

Similarly, if the process in the UK is a rather slow one, one could see that there will be a period in which the sector is, if you like, falling between two stools. From the perspective of the sector, how would you like to see the system working in the UK? What would be best for you?

Tom Bradshaw: The implementation of this is going to be the critical element: how it actually impacts and is implemented. In some respects, that is where equivalence would have been slightly easier. You still have to meet the standards and there is still a negotiation to take place, but clearly EU laws will be made before we have an opportunity to put them into legislation here. There is always going to be a lag phase.

There will be an acceptance within the deal that what is done within the EU is implemented into UK legislation. I am sure that framing will take place within the deal. There will not be an opportunity to delay; it will be part of the process. Once it becomes legislation within the EU, the UK will implement the SI that is required to put it into law. It is not actually that complicated, necessarily. The question really is whether that is what we wanted. There will be people who will say, no, that is not what they wanted.

While we were pushing for equivalence, rather than full dynamic alignment, our primary ambition was to reduce the friction at the borders, to try to build back some of the lost trade. The trade volumes that have been lost with the EU are significant. This should help build back that market or give us the opportunity to build back that market.

We cannot have everything. There comes a point where we have to accept that, if we want better access to our largest customer, there is an element of playing to its tune. That is the harsh reality of trying to do a deal that gives us better access.

Professor Emily Lydgate: For information, the way this is handled in the Switzerland text is that Switzerland has two years—and up to three, if it requires a public referendum—to implement new EU legislation. However, it is presumed implemented as soon as it is passed, so you avoid having this long, uncertain period. It applies immediately, but then simultaneously goes through Switzerland's democratic processes, which are quite robust.

I would imagine that the UK would want to introduce some significant criteria and processes to decide whether to align with new EU legislation, which could include, for example, a test—if there are potential disruptive, negative domestic impacts, maybe we would not want to do that—or some sort of proportionality exercise. All these SPS areas are devolved, so you need to have some sort of consultative process.

This can happen while the UK is consulting with the EU on its legislative process, so it is also undertaking a domestic testing process, which involves a parliamentary mandate, some role for devolved nations and some role for stakeholders, such as the NFU and others in the sector, to give their views. I do not see this as something that necessarily needs to be automatic. I see it as another aspect of this trade-off between, on the one hand, market access for our most important market and, on the other hand, our important domestic priorities.

Lord Stirrup: Can I just be clear on one thing you said? Were you saying that, in the Swiss case, the EU change automatically applies immediately in Switzerland? Then the Swiss go through their processes and, if they decided they did not want it, it would have to be removed.

Professor Emily Lydgate: That is my understanding, although you are making me want to double-check.

Lord Stirrup: Your suggestion, in the case of the UK, is that we perhaps would not want to do that. We would actually want to delay the implementation of any new rules until they had been agreed through the UK processes. Presumably, that would require an agreement between the UK and the EU that, over that interim period, nothing would change. We would not suddenly lose market access because we have not immediately implemented the change in rules. Is my understanding correct?

Professor Emily Lydgate: My understanding is that Switzerland would immediately implement the regulation and then debate about whether it wanted to. Then, if it decided against it, it would remove it.

Tom Bradshaw: If we decide against it, at that point we are vetoing the access that we have just agreed. It is not like we can say, "We are going to opt out of one rule".

Lord Stirrup: I understand but, if we do not have the power to do that, the whole thing is surely meaningless. We might as well just say that, on day one, the EU laws apply and we do not do anything about it, except maybe a legislative rubber stamp.

Tom Bradshaw: This is the challenge of dynamic alignment. That is, effectively, where we get to with dynamic alignment.

Lord Stirrup: Are you saying, then, that that is what the sector would prefer?

Tom Bradshaw: Our preference was equivalence, but we do not have that.

Lord Stirrup: Assuming there will be dynamic alignment, you would like to see a system where it just comes in immediately.

Tom Bradshaw: Anything other than that ends up being a veto on the deal. Then, every time we get to a legislative change in the EU, we get to this position of, "Does Parliament want to veto the relationship with the EU?" I am not convinced that to go through that every time is good for long-term business confidence, but it does give us sovereignty, does it not? That is the balance.

Lord Stirrup: That is the point I was trying to elucidate from the sector's perspective.

Professor Emily Lydgate: I would nuance that a little bit. A big part of why Switzerland wanted to go back to the negotiating table is that it felt that, when it decided not to align with the EU, the proportionate retaliatory measures that the EU took were too extreme. One thing that this agreement does is to provide a pathway if Switzerland decides not to dynamically align. What is the consequence of that?

One of the UK's negotiating objectives has to be creating space to decide not to align in certain instances and figuring out a proportional response to that, in terms of the reduction of market access.

The Chair: Thank you. The trade-offs involved here is a very important point for us to bring out in our report.

William Bain: It is important to recognise there will be two stages here. First is the stage within the joint committee. I would strongly imagine that there will be a joint committee created in any SPS deal architecture. The expectation would be that both sides would agree that the new legislation would apply to the UK under the mechanism and, if that was not the case, there would be consequences in terms of dispute resolution as a result.

The second is domestic transposition. It is important to recall that the type of agreement we are talking about will not have direct applicability of EU regulations to the UK directly, nor direct effect of EU directives. Transposition will be a matter for the Government, in conjunction with your Lordships' House and the House of Commons.

I would agree with Emily that there is potential to have a period of a year or two years where consultations happen on Windsor Framework consequences and devolved institutions consequences elsewhere in the UK, prior to transposition taking effect. Two years would seem to me to be reasonable. That is what we had when we were EU members as a period to transpose EU directives.

Q155 **Lord Whitty:** Can I apologise to our visitors for being late and not hearing your opening remarks? My question is your involvement in this, your members and your institutions. How would you see farming businesses and other businesses getting involved in the various stages of this proposition, in relation to the UK Government but also in relation to the European process?

Tom Bradshaw: We still have an office in Brussels as the four UK farming unions and with our allied membership of COPA-COGECA, which is the main representative body for farming. We still try to influence COPA's position on policies that might have an impact on the UK. We will have that voice there, where we try to get it to understand the position of the UK and why that might be beneficial for Europe as a whole.

Clearly, we would expect to be able to influence Defra and DBT on those conversations and the positions they are taking as they go into those discussions with the EU. I take the point made earlier on that observer status is what you make of it. We need to be ambitious. If we are going into this place where what is negotiated around that table will have direct consequences here, we need to actively engage and believe that we can influence that discussion and that debate, and not just take what comes out of those conversations.

It feels like it is going back several years to having to be actively involved in those conversations. There's the influence directly into the EU and then there is the domestic influence, where we would expect our voices to be represented by the relevant departments.

William Bain: We are a network of 51 affiliated chambers within the UK and 75 chambers overseas. We have had excellent contact with the Cabinet Office bilaterally. We do an annual survey, which goes into the granular detail about UK-EU trade. Those findings are quite influential in terms of the UK Government and with the European Commission. We engage a lot with member states' embassies here and with the institutions directly in Brussels. It needs a fully integrated approach.

Our surveys have tremendous numbers of responses. Last year, our survey on EU trade had nearly 1,400 responses. That illustrates the depth and interest of our members in trying to remove these non-tariff barriers that are affecting trade.

Lord Whitty: Have you had discussions with Defra and the Department for Business and Trade or the Cabinet Office on how this would work in a dynamic alignment process?

William Bain: We engage very closely, principally with DBT and the Cabinet Office, but also, on occasion, with Defra, around this. We have had discussions with the Cabinet Office about the implications of dynamic alignment, but also the pragmatic business case for doing it, given the positive impacts on exports and growth.

Lord Whitty: Is it the same for the NFU?

Tom Bradshaw: We had very good engagement in the build-up to the EU reset. At this moment in time, there is still a lack of clarity about what the reset actually means and how it is all going to work. That is the detail. There is still a negotiation to take place. The headlines came out on the EU reset, but the negotiation and the detail is still very much being worked on.

Clearly, we have a role in trying to influence that, but quite rightly a lot of these negotiations are taking place in private, which is how it should be done. Sometimes, this has all been done too publicly, has it not? We need to get to the end of those negotiations to understand exactly what the implementation and the framework that sit around this reset are going to look like and then when it will be implemented. We were told pretty clearly that the earliest it could be implemented is 1 January 2027.

The Chair: Our colleagues from the Northern Ireland Scrutiny Committee have waited very patiently. I hope that has been useful, in any case, but for the particular implications of this for the Windsor Framework I shall turn first to the chair of the committee, Lord Carlile.

Q156 **Lord Carlile of Berriew:** Thank you very much, Chairman. As background, the evidence we have been collecting in Northern Ireland suggests that many people think that the consultative mechanisms that exist under the Windsor Framework are not functioning as strongly as people would wish. The basic question to which that is background is how an SPS agreement would affect Northern Ireland and the Windsor Framework.

Could traders involved in Northern Ireland's supply chains and their representatives feel disadvantaged as against both Great Britain and the European Union? Is that not a difference to be avoided at all costs in relation to Northern Ireland?

Tom Bradshaw: For us, it is quite difficult, because we do not represent Ulster. We have the Ulster Farmers Union, which represents farming in Ulster.

Lord Carlile of Berriew: We have spoken to the Ulster Farmers Union.

They are very strong representatives.

Tom Bradshaw: They had very strong views around the EU reset. They were surprised that it would end up being GB-only, rather than UK. That was a surprise for them, when we were having those conversations. The last point you made about making sure that, while Northern Ireland is not treated the same way as Ireland or GB, it is not isolated on its own, is a really important point. That is something that they would feel very strongly about, but I do not feel overly qualified to give you any more comment than that on this topic.

William Bain: Last month, I was in Belfast. We had excellent meetings with the Northern Ireland Chamber of Commerce and Industry, with UFU and up at Stormont with Minister Muir and the Chief Veterinary Officer. I have a sense of what Northern Ireland's preferred position would have been around this.

There are some watchwords to be careful of. There is the point that I referred to earlier, in that you could end up with a slightly different subset of regulatory requirements in terms of the acquis that is adopted under the Windsor Framework and the acquis that is adopted under this GB-only SPS agreement. There could be some differences and that could present issues and additional friction in terms of GB to NI movements of food and plant products. We would want to avoid that.

It is the case that Northern Ireland may exercise a bit of a pull factor on the UK Government in order to maintain that alignment between GB and NI, and avoid additional trade friction. The UK may be more inclined to agree to issues around the details of alignment, rather than having additional friction come in.

In terms of capacity in Whitehall, there are some really interesting and welcome developments that are occurring. DBT is putting together some architecture through its EU unit to engage businesses, including businesses in the food industry, around the legislative pipeline coming from Brussels. What is that going to mean, in terms of Windsor Framework implications, devolved Administration implications and potentially under an alignment agreement?

There is very much a step change in the role of Whitehall in bringing all of this together, but it needs to have the resources to make sure it can conduct this operation properly.

Professor Emily Lydgate: I would add that the Windsor Framework is very complex. In fact, it has been so complex that my understanding is that it has been quite confusing for businesses, particularly those doing business between Great Britain and Northern Ireland, to understand how to navigate the green lane and the red lane. This makes it so that many more products can flow between Great Britain and Northern Ireland without border checks. That is a positive thing.

We were talking about costs before and the "not for EU" label. It was going to be a UK-wide requirement and now it is just a burden on Northern Ireland. That, presumably, will be able to be phased out. There are a lot of benefits associated with this and that was one of the primary motivations for negotiating it.

Q157 **Lord Thomas of Gresford:** That is what we are trying to do: to look at the machinery and see if we can improve it in some way. Dynamic alignment means better access to markets, as Tom has pointed out. The price you pay is that you become a rule taker. I detected from what you said earlier, Emily, that you feel that there is a bit of democracy introduced by the Stormont brake and the applicability motions, which this proposed agreement does not have.

To be provocative, do you think that Northern Ireland will be in a better position, democracy-wise, than GB as a result of this particular agreement?

Professor Emily Lydgate: It entirely depends, but it is certainly possible. There are only narrow situations in which the Stormont brake can be invoked. I have made clear with my earlier remarks that I do not see any inherent contradiction between having an SPS agreement and having some degree of democratic accountability in terms of deciding to dynamically align. How that happens, which bodies are involved and how the consequences for not aligning are managed are completely unknown at this stage. These are GB decisions.

The Windsor Framework provides a really interesting model, because Northern Ireland is dynamically aligning with the EU already. Aside from updates to existing Northern Ireland protocol regulation, to which the Stormont brake pertains, other types of dynamic alignment are managed through Westminster deciding whether to align. There is room for improvement in terms of giving different actors a voice in how these decisions are made.

Lord Thomas of Gresford: William, would you suggest that the model that is provided in Northern Ireland, of the Stormont brake and so on, should be applied to this new agreement, so that Great Britain would have the same advantages?

William Bain: These are constitutional matters that are really within the province of your Lordships and members of the other House. If you look at the Swiss-EU agreement, there is an exit clause. If a future Government decided they wanted to withdraw from the agreement, there is a process for doing that. There are clear implications of that for businesses in Great Britain. It would recreate complications in terms of GB to NI movements of food and plant products, but I would expect that any agreement that is reached would have a process for its termination on the wish of either side.

I would focus the committee's attention on the potential for export growth. We work closely with Aston University and Professor Jun Du is on our economic advisory committee. Her work has estimated that there is potential growth in UK export of food products to the EU of up to 20% as a result of a deep SPS agreement. Businesses are more focused on the potential and the scope in the future to expand their exports. These other constitutional matters are maybe at the back of their minds at this point.

Lord Thomas of Gresford: Tom, would you trade a 20% increase in your exports for a lack of democratic involvement in the making of the rules that you would have to apply?

Tom Bradshaw: Not being an expert on the Windsor Framework, I would like to understand how that is implemented already. You are probably already in that place. You will have to remain aligned. The ambition of this is to reduce the friction, to improve the trading relationship, and to give us the opportunity to increase our trade back to the volumes that we had previously and up by 30%. William has quoted the potential growth of 20% there. We have lost over 30% of trade volume with the EU.

Lord Thomas of Gresford: That is Brexit. You cannot help that.

Tom Bradshaw: This is trying to undo some of that damage, is it not? There comes a point where we have to look at the financial value of this and how we get the best returns from the market. Speaking as a pragmatic farmer, let us get on and make it work. The negotiation is happening. The headlines are out there, but we are going to get to a point where we have to ask whether we are putting our shoulder to the wheel and making this work, or whether we are saying, "Once again, we are not happy with the relationship that has been negotiated, so we go back to square one again".

It feels like we have been going around this wheelhouse quite a lot in recent years. Businesses—when I say "businesses" I am thinking, yes, about our members, but I am also thinking about those exporting companies that are looking at the value of exporting into the EU—need confidence and certainty for the future. We want them to invest in their abattoirs, in their processing facilities here in the UK, with the belief that they are going to be able to maximise the value of those exports. If we are not careful, they will decide the UK is not a market they want to invest in. That is not good for any of us.

There does come a point where we have to stand back, look at the big picture and ask, "What gives us the best opportunity for the future?" Trade value is one of them.

The Chair: That is a very strong appeal. Thank you. Lord Empey?

Q158 **Lord Empey:** Thank you for the invitation, Chair. How would an SPS agreement affect the potential for east-west divergence between Great Britain and Northern Ireland? I will start with Professor Lydgate. I have been reading your paper *The Perils and Possibilities of (Re)alignment*, which you produced in December of last year. I am not accusing you of being Mystic Meg, but you did not get it far wrong.

I just wondered about the potential for divergence between us. In his provocative way, Lord Thomas was making the point that we are aligned. GB will be sort of aligned. Then there are all these structures. There is devolution. There is huge potential for difficulty here. I just wanted to get your view on the potential for divergence.

Professor Emily Lydgate: I hope my university has taken note that you have read our briefing paper.

The Chair: It is all public, so you can quote us.

Professor Emily Lydgate: I am also happy to send Defra's analysis about gene editing, which makes for interesting reading, but that is by the bye.

I already said what I wanted to say in the sense that the overall impact of the SPS common area will be to reduce east-west divergence and create more of a common regulatory area between Great Britain and Northern Ireland. I see that as one of the important political motivations for trying to have a really ambitious approach in this area.

There are important questions about how to manage remaining areas, not only of regulatory divergence, which will exist, because there is a lot that is not in the scope of this, but also what you might describe as process divergence, which we talk about in that paper as well. What do you do about the fact that the way we interpret the precautionary principle has changed, for example? Do we need to change our regulatory approvals procedures or are we just copying on the legislative level? Overall, the thrust of this is to reduce divergence.

Lord Empey: Tom, it is notable that there is no agreement in this on veterinary medicines, for instance. I know you do not represent farmers in Northern Ireland, but you are very close to it. What sense are you getting from them about the potential here?

Tom Bradshaw: Vet meds is still a slight anomaly. I understand there were some different views, but you would have thought that animal health and welfare, and access to those medicine products, would be a priority. There has been a real frustration from our colleagues in Ulster that we do not have an agreement around those products.

I do not actually know how we are now going to resolve that issue. It seems strange that is has been kept outside of the agreement, seemingly quite deliberately. I cannot quite understand why there was a desire to keep it out of the agreement on either side, to be honest with you, because it should not be controversial. They are products that are being used in the EU and potentially here. I do not see that there is a lot of controversy there. It was quite surprising on that issue.

Lord Empey: William, there is an impression out there that, because the SPS reset has happened, the Windsor Framework and everything is all over and we just get back to where we were. That is not the case. For instance, by the end of this month, officials will now be crawling underneath second-hand agricultural machinery coming from Scotland to see that there is a piece of Ayrshire underneath it.

Your chamber members must have an overwhelming frustration. Many of the smaller members do not feel doing business in Northern Ireland is worth their while. Are you getting any feedback like that?

William Bain: We spoke yesterday to the Northern Ireland Chamber of Commerce and Industry, and, clearly, getting that deal in veterinary medicines is really important. In our survey work, we have detected perhaps a bit more apprehension in terms of sending parcels over from GB to NI. Again, on business-to-business transactions, there has been more cost that has come in since the implementation of that phase of the Windsor Framework this year. The SPS requirements have continued to be an issue over the last three and a half years.

There is that warning that, if you pack on more regulation, including the general product safety regulation from December of last year, you diminish the appetite of GB companies to trade with Northern Ireland. That is certainly a real warning and something we have to try to avert.

Looking at the big picture, removing the "not for EU" label across many product lines in Northern Ireland, and what is going on in GB to comply with that, will help in terms of our agri-food trade. Being able to dial down some of the controls in Northern Ireland because of the interplay between the Windsor Framework and a deep SPS agreement will have beneficial effects in terms of willingness to trade with companies in Northern Ireland.

There are some things we have to watch for in terms of ensuring that we do not inadvertently fall out of alignment, but the big picture is that it will be easier for GB companies to trade within our customers and that is a good thing.

The Chair: You have been very generous with your time. We have kept you for an hour and a half. Our last question comes from Baroness Ritchie.

Q159 **Baroness Ritchie of Downpatrick:** Thank you, Lord Chair, for the invitation. Could I declare an interest as a member of the Government's veterinary medicines working group in relation to the Windsor Framework? There has been a lot of work, but there is also a lot of—how would I put it?—frustration there, particularly from your colleagues in the UFU and the veterinarians, in order to get a solution. I suppose it is going to be a work in progress.

My question is about decision shaping. The UK-EU common understanding states that the UK should contribute to decision shaping of EU legal acts to which it would be obliged to dynamically align under the SPS agreement. In view of that, what might the implications of UK decision-making be for Northern Ireland and how might the new UK-EU processes affect the existing channels for direct engagement between Northern Ireland and the EU? Our inquiry is about strengthening Northern Ireland's voice with the European Union.

Professor Emily Lydgate: It is a great question. I wish I knew the answer, but I can speculate. This gets back to one of the differences between the Swiss framework and the UK agreement, which is that we have a superstructure for sectoral agreements in the form of the TCA. My prediction is that this SPS agreement will plug into some of the dispute settlement and consultative mechanisms in the TCA.

The question is about how these fora interact. You can have an annual summit and then you have a TCA joint committee implementing this agreement. Then you have consultative mechanisms with Northern Ireland. It is a co-ordination issue. The fact that the UK as a whole will be trying to influence EU regulation will presumably benefit Northern Ireland. It would be very easy to overlook the need to co-ordinate actively and to join up efforts. That is a very important point in terms of thinking about the institutional mechanisms and how they interrelate.

Baroness Ritchie of Downpatrick: Tom, what about from a farming perspective, having talked to your colleagues in the UFU?

Tom Bradshaw: I do not know how it is going to either strengthen or compromise the ability of Northern Ireland to influence EU legislation. I would be completely speculating, and not as articulately as Emily was, as to how this may evolve. It is difficult, at this stage, to say. We have to, as all four countries, make the most of trying to influence the EU legislative framework before it impacts GB and Northern Ireland.

Baroness Ritchie of Downpatrick: That is from the very beginning of the process.

Tom Bradshaw: Absolutely, yes.

Baroness Ritchie of Downpatrick: A lot of the evidence we have taken in our committee would suggest that it is important to be in there at the very beginning, in order to influence. That is interesting. William, have you any thoughts on this particular issue? It is also about strengthening Northern Ireland's voice and democracy in relation to SPS, the Windsor Framework and the new reset deal.

William Bain: There are potentially more opportunities from an SPS deal to scrutinise legislation in Brussels that could affect Northern Ireland. You have an excellent Northern Ireland executive office in Brussels, which is working exceptionally hard across all of the dossiers that would affect Northern Ireland through the Windsor Framework, many of them SPS. We can also augment that now with the UK Government putting its resource in and saying, "Here are the implications for Great Britain", while also looking at potential Windsor Framework implications from that whole-of-UK standpoint.

The potential is that we can have better scrutiny of what is coming down the pipeline from Brussels, being able to deal with any little niggles and disputes a bit more easily than we have been able to do. Potentially, it could be a better process, but it is important that Whitehall builds its capacity to be entirely on top of forthcoming EU legislation and how that will impact through the Windsor Framework. It has been slow in the last four years in doing that, but we are seeing much better signs now that Whitehall is getting shipshape in terms of being able to perform this function.

Baroness Ritchie of Downpatrick: Added to that, would you agree that the Northern Ireland Executive needs to build its capacity as well?

William Bain: Yes. The office in Brussels is doing an excellent job. I know from being in Stormont just four weeks ago that much of the time of officials and Ministers has been spent on the Windsor Framework and transposing legislation. Looking to what could be the reward, but also the risks, of a GB-only SPS deal is very important for Northern Ireland.

Q160 **Lord Carlile of Berriew:** We have heard some interesting comments about the Swiss constitutional position, but Northern Ireland is not going to be like Switzerland in this context. By the greatest stretch of the imagination, it is not going to introduce those constitutional provisions.

The message we have been getting, for example from the UFU, which we have seen on two occasions now, is that representatives, such as the UFU, understand the questions perfectly. They are used to representing people, but they feel, as do other representative organisations, that they do not have targeted access to those in Brussels who are capable of understanding the position and changing it, so that Northern Ireland has a feeling of being included and listened to. I am not saying that is what we are going to find. It is just what we have heard quite a lot.

How would you say that the penetration of the European Union for those trading in Northern Ireland or whose supply chains include Northern Ireland could be improved, beyond simply saying, "We have a very good office that will represent you in Brussels"?

Tom Bradshaw: There is representing without knowledge and there is representing with knowledge, is there not? Our job, as lobbying organisations, is to make sure that the representatives on those committees in Brussels are properly briefed, either directly or via the architecture of DBT, Defra or the Cabinet Office. There will have to be a framework and an investment made that has the right infrastructure in place to be able to influence the outcome in Brussels.

This takes us back quite a long way to really targeting those conversations in Brussels at a very technical level. These conversations will be incredibly technical. It is about making sure we have the right people with the right skill sets, who have been well briefed, such that we are able to influence the negotiations and the agenda of the negotiations.

William Bain: The issue is more with UKMis requiring a different mindset and increased capacity in terms of these new regulatory relationships. Dealing with conditions where the UK is likely to be aligning in different sectors—whether it is SPS, the emissions trading scheme or electricity regulation—is going to require an upscaling of resource and a more proactive mindset and worldview in Brussels from UKMis.

I am confident that they will understand the need to do that and business organisations can be really strong partners in helping UKMis take on this new role. We have talked a lot about the Swiss example, but the Norwegian example of how it is able to influence legislation in Brussels as a third country is one worth following.

The Chair: Thank you very much. It is probably one for both our committees to take up with Ministers when we see them shortly. Thank you so much, Professor Lydgate, Mr Bradshaw and Mr Bain. We have kept you for more than an hour and a half of really fascinating, intense evidence. It is much appreciated and useful for both our reports, Lord Carlile. I give you warm thanks and, with that, I bring the public meeting to a close.