

# International Trade Committee

## Oral evidence: UK trade negotiations, HC 233

Thursday 25 March 2021

Ordered by the House of Commons to be published on 25 March 2021.

[Watch the meeting](#)

Members present: Angus Brendan MacNeil (Chair); Mark Garnier; Anthony Mangnall; Mark Menzies; Mick Whitley; Craig Williams.

Environment, Food and Rural Affairs Select Committee Member present: Neil Parish.

Questions 92 - 129

### Witnesses

**I:** Minette Batters, President at National Farmers' Union (NFU); David Bowles, Head of Public Affairs, RSPCA; Peter Hardwick, Trade Policy Advisor, British Meat Processors Association; and Dr Iyan Ofor, Researcher, Strathclyde Centre for Environmental Law and Governance, University of Strathclyde.



## Examination of Witnesses

Witnesses: Minette Batters, David Bowles, Peter Hardwick and Dr Iyan Offor.

Q92 **Chair:** Welcome to the International Trade Committee's oral evidence session on food labelling and methods of production. We have two distinguished panels this morning, with four in the first panel and three in the second, including some Government Ministers in the second panel.

In the distinguished first panel we have Minette Batters, David Bowles, Peter Hardwick and Dr Iyan Offor, who will probably correct my pronunciation of his first name. I will ask you all in the first panel to introduce yourselves on your own terms—name, rank and serial number.

**Minette Batters:** Minette Batters, president of the National Farmers' Union.

**David Bowles:** I am David Bowles, and I head up the RSPCA's campaigns and public affairs work.

**Peter Hardwick:** I am Peter Hardwick, the trade policy adviser of the British Meat Processors Association.

**Dr Offor:** Good morning, it is Iyan Offor. I am a sessional lecturer at the University of Strathclyde and a member of the Strathclyde Centre for Environmental Law and Governance.

Q93 **Chair:** Apologies, Iyan. I could have made it an awful lot simpler for myself. Thank you all for attending this morning. We are very grateful.

First, Iyan, could you outline what the current UK legal requirements are for labelling of food of animal origin in relation to methods of production?

**Dr Offor:** At present, with a few exceptions, there is currently no legal provision requiring method of production labelling for animal products marketed in the UK. The exceptions to that are mandatory labelling rules for eggs and for fish, importantly neither of which has been challenged at the WTO. These were EU regulations with direct effect that are now retained EU legislation. I can talk a little about what they require if you wish, but I am happy to pass on to the others if they have anything to add.

Q94 **Chair:** Does anybody else want to come in on that? No, everybody is happy.

How do the UK and EU compare with the rest of the world in respect of the mandatory labelling of production methods of food?

**Dr Offor:** As far as I know, no other country has a comprehensive mandatory method of production labelling scheme. Certainly, I have looked through notifications to the WTO. Typically, these things would be notified to the WTO and no members seem to have notified anything like this recently that I am aware of, but of course at the moment the EU is



debating a method of production label in the context of its common market organisation and the farm to fork strategy.

There are a few product-specific requirements. For example, Switzerland has mandatory labelling for eggs and the EU member countries comply with the rules on egg and fish labelling. Beyond that there are a number of competing voluntary labels. Some of them come from Government. The German Government have a label, as do the Danish Government. Then there are a group of private labels as well, whether that is stemming from Global GAP, supermarkets or NGOs. So it is a mixed picture, but it seems that, in terms of a comprehensive mandatory method of production label, there is potential for the UK to be something of a vanguard in that respect.

Q95 **Chair:** Do you think it is something that is coming? Is it something whose day just has not quite arrived yet?

**Dr Offor:** In my opinion, it seems so. It seems that the discussion about this is only growing. Public awareness and demand for this kind of information in product labelling is only growing, so it seems that is the direction of travel. I am sure the others will have much to say on that.

Q96 **Mick Whitley:** Dr Offor, could you explain how food labelling is dealt with in the devolved nations under the devolution settlements?

**Dr Offor:** Yes, I am happy to speak a little about that, although it is not my area of research. Here I am relying on some work put out by the UK Trade Policy Observatory recently, which I am happy to summarise. It talks about a puzzle of three different rules that seem to be interacting and are possibly in contest with one another. The first is retained EU law, which at the moment specifies that the devolved nations can amend their food standards independently. To use the example of chlorinated chicken, if Scotland wanted to ban that, it would be possible as a devolved nation. Obviously, if that were allowed to happen, it would be unclear how the UK could retain a common internal market.

The paper on this moves on to talk about the food and feed safety and hygiene common framework that is in development. That would aim to create more unified standards, informed by a collaborative risk assessment process. That would allow for some evidence-based divergence in public interest. The third piece of legislation that it writes about is the Internal Market Bill, which could frustrate that endeavour.

The Internal Market Bill would require each nation to sell any and all food from the other nations. There are exceptions to this requirement, but they do not stretch as far as, for example, environmental or animal welfare concerns, which would be important when talking about method of production labelling. Those rules could forbid, for example, Scotland introducing a label for chlorinated chicken. Excuse me for using the example of Scotland; that is where I am based. It seems there is some



## HOUSE OF COMMONS

potential contradiction between these rules, and research is only just starting to emerge on that question.

Q97 **Mick Whitley:** That is quite surprising. For example, if Wales allowed chlorinated chicken, could that possibly get into England?

**Dr Offor:** It seems so. As I said, I have not done too much research on this so maybe the others could speak more closely to that point.

**David Bowles:** One of the most pertinent examples is the English consultation, which finished last week, on gene editing. That is to seek permission to gene-edit farm animals in England. But as Iyan has rightly said, under the Internal Market Act, if England went ahead and produced products from that, it is quite unlikely that Wales or Scotland could stop those products circulating within their countries, even though they are against gene editing farm animals.

**Chair:** If Wales were to introduce that, it could make Merseyside the English capital of chlorinated chicken. Maybe that has not escaped your notice, Mr Whitley.

**Mick Whitley:** I do not think so.

Q98 **Anthony Mangnall:** I see Craig has his hand up but, David, could I ask for clarification on that? For hormone-injected beef or chlorinated chicken to reach the United Kingdom, there would have to be a change in the SPS standards. Please correct me if I am wrong. That would require a vote in Parliament to change it and, therefore, you are not likely to see it come in through Wales, Scotland or Northern Ireland because it would require a UK Government vote in Parliament. Is that correct?

**David Bowles:** That is correct. It would require a vote under a statutory instrument, which could be done in 30 days. If the UK Parliament passed it, you could allow that product into Great Britain. There are issues here because Northern Ireland is in the single market and the customs union, so there are issues about circulating it within the UK. There are also issues as to how that is interpreted under the TCA with the EU, because the EU has a ban.

Q99 **Anthony Mangnall:** Just to be clear, it would not be able to go the other way around, that it would be allowed to arrive in Wales because the Welsh Government decided to take an approach, or the Scottish Government decided to take an approach, that is not in line with the UK Government's approach on SPS standards, is that correct?

**David Bowles:** Yes, animal welfare is devolved. Trade is not devolved.

**Minette Batters:** Yes, but the point on chlorinated chicken is that if market access was approached, the FSA would have to undertake as to whether it is deemed safe or not. If the FSA deemed it safe, and the US is very confident that it is safe, we would have no choice but to import it. That has not been tested yet, and I would say that is quite a likely outcome that will happen at some stage. That will rely on the FSA saying



## HOUSE OF COMMONS

whether it is safe or not. You know the thoughts of the rest of the world as to the safety element.

Q100 **Chair:** From that exchange on Anthony's question, David, it seems that England, through the nature of the UK, regardless of the subject matter, could foist its food standards on Scotland and Wales but Scotland and Wales could not foist in return on England.

**David Bowles:** That is correct. As Minette said, the FSA would have to undertake a food safety check, and the US, Canada and others believe it is safe. If that happens, under the Internal Market Act the FSA in Scotland or the Welsh Government would have to show that the FSA opinion in England was incorrect and that would be a very difficult hurdle to task.

Q101 **Craig Williams:** Before we jump fully down this rabbit hole, there is a parliamentary lock above the FSA that means it would have to come to us on the ban. It is not England, Chair, although I appreciate it is the UK.

As a Welsh Member of Parliament, can I push on one aspect? Is this an academic argument based on the SPS rules and the fact that the Internal Market Bill has now passed and the powers reside within the United Kingdom's Parliament, not the English Parliament?

**Dr Offor:** I do not have too much to add on this. My research has only extended as far as the paper.

**Craig Williams:** Perhaps that is something we need to clarify, Chair.

**Chair:** It seems that the other Parliaments would not be free to do this because it is a trade matter, and effectively the UK Parliament—it is occasionally the English Parliament and occasionally the UK Parliament—is the one that would choose, so that would be the direction of travel on food issues.

Q102 **Craig Williams:** David Bowles, can you summarise the reason for the RSPCA's long-advocated position on mandatory method of production labelling?

**David Bowles:** The RSPCA is in favour of mandatory method of production labelling for a couple of reasons. First, we think it works. If you look at what has happened with eggs, as Iyan said, we have two mandatory method of production schemes in the UK. Both are from the EU. One is eggs and one is fish. Fish is probably too recent to assess impact because it was only passed in 2013, but if you are looking at eggs, that was passed in 2004.

If you look at the impact of that, it has driven up sales of free-range eggs from around about 30% or 34% in 2004 to about 57% or 58% now, so it has worked. The consumers demanded it, they reacted to the method of production labelling, they clearly saw the difference in the different standards, and they decided to vote with their purses and buy higher-



## HOUSE OF COMMONS

welfare products as a result. It is important to stress that we know it works, through eggs.

We also have quite a lot of data to show that the consumers want mandatory method of production labelling. Of course, there is a difference between what consumers say they want in opinion polls and what they do. That is why the egg case is so important, because it shows that what the consumers say they want in public opinion polls can get translated into buying behaviour.

**Q103 Craig Williams:** Given that, what information do you expect or does the RSPCA envisage being on the mandatory method of production labelling, more widely than eggs?

**David Bowles:** Eggs are a good example. We have three labels, and the RSPCA would also agree that you only need three or four different labels, three or four different standards in your labels. You need those labelling terms to be very clear. With eggs they are clear: barn, free range, and caged hens. Those are three labelling terms that the public understand. There was a lot of information before the labelling terms were introduced to show that those were terms the public understood. You need clear terms, you need a finite number of terms—we would say three or four—and you need to show that those terms relate to how the animals are being produced.

**Q104 Anthony Mangnall:** Peter and Minette, I believe that both your organisations have expressed some concern around mandatory labelling. I would be interested to hear more about that. If it were introduced, what would be the impact on your members' pricing and how they produce?

**Peter Hardwick:** The first thing to say is that if we want to do international trade deals, as well as trade outside them using a WTO rules-based system, there are challenges. It is worth remembering what I always say about hormones. The EU lost the case on hormones. Although it has addressed it through deals and this sort of thing, it has become a moving feast and it does not make the EU less guilty. We are going to face that challenge and I accept that, and ways of addressing it are worth exploring.

I would not say that, as an industry and a trade association, we are against the concept of providing consumers with information to make informed choices, as a principle. The big question is how to do that, how we agree those standards, who agrees those standards and how we define them. It is certainly preferable to infringing WTO by just banning stuff. So they need to be clear; they need to be easily understood.

I work for a trade association that represents the red meat sector. First, the products that we produce and the animals that are reared in that sector are reared in very different ways. In the circular sector, for example, they move a great deal, inside, outside, grass-fed. We need to



## HOUSE OF COMMONS

avoid confusing communications like “90% outdoor” or “90% grass fed” or whatever it is you want to go down. Those are certainly challenges.

The final thing I will say is that we should remember that meat is largely not traded in the form in which it is sold. It comes in in carcass form and in primal-cut form, and it is the UK operators, the UK food service businesses and retailers that have to provide that information. They are the ones that have to do that, and it has to be at the end of a long, audited chain, not only for domestic production but for imports as well.

Q105 **Anthony Mangnall:** If we were in a courtroom, this would be viewed as a leading question, which I do not intend it to be, but it seems to me that you are suggesting it is not just around labelling and that there are other mechanisms that can protect welfare, that can protect standards, that can protect the way in which we produce in this country. You alluded to that by saying there are other ways. What other ways are there?

**Peter Hardwick:** Notwithstanding what I said, I do not want to position us as saying we are against this, but mandatory labelling is one thing, communicating with consumers, either through retailers, through schemes such as Red Tractor or the RSPCA’s label or whatever it may be, are other ways of addressing this, which are less contentious.

Q106 **Anthony Mangnall:** For the record, it was my wording at the beginning that said you were against it. I apologise. What I should have said is “misgivings” rather than that you are against it. I apologise for putting you in that position.

**Minette Batters:** David has talked about assurance schemes, and over the last 20 years we have seen assurance schemes completely revolutionise our food system. We probably have the safest food system in the world. All those different schemes, of course, bring methods of production into them.

There is a real challenge here. This is fundamentally about trust. This is about the Government honouring their commitment that they will not undermine our farmers in future trade deals. That is why we welcome the role of the Trade and Agriculture Commission. Do not forget that over 1 million people signed a petition saying they did not want to see farmers undermined.

This focus is very much on retail. As the owner of a wedding venue and with a background as a chef myself, there is absolutely nothing to stop me now or in the future, and there never has been, going out and buying New Zealand lamb, bringing it back, turning it into the most wonderful Salisbury, Wiltshire cottage pie, shepherd’s pie, and saying that it has all been produced here.

We focus on retail, which is already transparent, honest and very clear. The out-of-home market in this country is over 50% of the value, and this is where the dangers lie and where labelling will mean absolutely nothing at all. It is already a grey area. As we look to negotiate trade



## HOUSE OF COMMONS

deals, if we do not honour our commitment to keep imported food produced to the same standards, this is where dangers will first be found. Retail is secondary. It is already very well labelled and very transparent.

The point that David makes on eggs and poultry is a good one, but it is different to other systems. You could look at a calf that is born into a house dairy system, that is then brought up on a calf-rearing unit, that is then sold into a grass-based system and finished off totally on grass. What is it and how do you label it? Is it grass-based? It did not start life as grass-based. This is why your certification schemes, your assurance schemes, like Red Tractor, like RSPCA, like LEAF, are so important. You have a good way of doing this here, we just need to make what we have fit for purpose. I hope Tim Smith will be able to make the case as to what the TAC's report has done.

Q107 **Anthony Mangnall:** Looking at this as part of the solution as to how we can safeguard and how we can make this work, there was an article by Gordon Rayner in *The Telegraph* in June 2020 that made the point about dual tariffs. That seemed to resonate quite loudly with the NFU and with you. Can you add any thoughts on that? We have Government Ministers on the second panel, and we have not heard anything since that article. As a well-informed Back Bencher, you can rest assured that I get most of my information from *The Telegraph* and *The Times*.

**Chair:** That is a contradiction, then.

**Anthony Mangnall:** Thank you, Chair.

Do you have any points to add as to whether dual tariffs may also be a way to go forward with this, as well as a labelling system that complies with WTO rules?

**Minette Batters:** Most definitely. The fundamental point is it is all about point of entry. Labelling would be an absolute last-ditch attempt. It would not be something that honours the Government commitment, and it would mislead and confuse consumers. For what I have said about the out-of-home market, it would do absolutely nothing at all. You might have a small sticking plaster for half of the industry, but you have nothing for anything else.

The points that the Trade and Agriculture Commission makes in its report will be fundamental. As I say, this is a point about trust and these things must be resolved before they enter the UK. On labelling, as all the research will show you, what people say out of store is not what they buy in store.

Q108 **Anthony Mangnall:** Are you, therefore, somewhat disappointed that the Trade and Agriculture Commission does not give a clear recommendation to look at a dual-tariff system?

**Minette Batters:** I think Tim Smith, when he gives evidence, will make the point clear. In the time allowed and with the people on the



## HOUSE OF COMMONS

commission, he has done a very good job with probably conflicting opinions, without delving down into the details of all this.

The point is that Government have made a very clear commitment to the people of this country that they will not undermine our farmers by bringing in lower-standard product. That is the point. What they are going to do about it and how they are going to make sure method of production is brought in still remains a critical question. This is still about food safety, not about production. We already see a poultry sector where 16% of current costs are due to EU rules and regulations.

There is no desire in this country to lower those poultry standards. If anything, the talk has been about raising those standards. When we compare them with the US, we have to provide light, we have to have stocking densities. There is no federal legislation in the US on any of these matters whatsoever. That costs. It costs money, and that is the key point. It is about the production method, not just about the safety method.

**Q109 Chair:** I have a point, Minette Batters, on the difficulties that might arise. We heard earlier that if the UK Parliament decided to have this, and I postulated that it was England's choice—I am thinking more of those who can control their borders, not like Scotland and Wales but the European Union. We have seen what the Dutch have done on sandwiches. It was widely shared on YouTube. If the UK was to change its standards, has the NFU given any thought to what it might mean for further trade or other trade with Europe, given that it might have an allergic reaction and start to take back control?

**Minette Batters:** You have a very good way of putting things. It remains a significant challenge. The Trade and Co-operation Agreement is going to be iterative. This is the start of a new relationship, and a lot of that will depend on how we choose to regulate here. At the moment there are no signs of deregulation at all. If I look at the Environment Bill, all of our plans are to keep our standards high. The dangers come when we do not expect those same standards of the food that we import. Indeed, the fastest way to put our farmers out of business would be if you keep the standard up here and you allow imports that undercut them.

That is a key thing for the European market. They have been very focused all along on what we will choose to do on food production standards, whether we will choose to undermine them, whether we will maintain them and what we will expect from other countries.

**Peter Hardwick:** At the moment we are operating pretty well to identical standards as the European Union, and the level of trade friction is enormous, absolutely enormous—the amount of paperwork that is required, the time it takes, the amount of checking and so on. If you start putting significant differences into those standards, that will only get worse. It will not go the other way, because it provokes a situation where checks will be required, whereas what we are trying to do, I hope, is to



## HOUSE OF COMMONS

try to get to some sort of veterinary equivalence type of agreement where we reduce that friction. I would be very concerned to see significant divergence, given that at the moment it takes us twice as long and it costs us twice as much to get products to the European Union as it did before the end of the transition period.

**Chair:** Thank you for your intervention. Those words will put a chill up the backs of many crofters and farmers, particularly at this time of year, with lambing just about to start.

Q110 **Mark Menzies:** I will start with Minette, but everyone may want to comment. How desirable and practical would it be to apply requirements on providing method of production information to loose and unpackaged food and food services? When I say food services, I am talking about catering and the out-of-home sector. You have already raised this, Minette, and clearly this is a huge issue and it is important that we address it.

**Minette Batters:** At the moment there is no way of doing this. There is absolutely no way of challenging, so you would have to look at some form of legislation even to start the conversation. We have great examples, McDonald's being one, as an out-of-home. It would make the case that it could only get back on line so quickly after the first lockdown because of its huge investment in the UK and Ireland. It is an area that has not been regulated at all, so it allows the sector total freedom to put whatever county or country on a menu, and nobody has any idea of how it could be checked. You would have to look at a very, very different approach to how we challenge all of this.

There are similar challenges—we talked about out of home—for procurement as well. There is significant market opportunity and a market worth £4 billion in our prisons, military, hospitals and schools, as we look to the dangers, potentially, of undermining food here and Government honouring their commitment. With the Crown Commercial contract set so low, this is another area that could be undermined. It would then be very, very difficult to tell where the food was coming from and how it had been produced. I think the Crown Commercial contract in the NHS is currently set at £3.50 to deliver three meals, so it is pretty difficult to get fresh in at the moment, let alone British, let alone further down the road. It is not just out of home, there is that significant market of procurement as well.

We tend to focus all of our thoughts, and my members do, very wrongly on retail, which is transparent and honest. Members do not always like the comingling, but that is the state of play at the moment. There are the other sides of the market that we need to address that labelling does not touch at all.

**Peter Hardwick:** There are some examples of countries attempting to do this. In France, for example, there is a requirement for country of origin labelling in food service. It is relatively evenly delivered. I am not



## HOUSE OF COMMONS

going to vouch for how robust it is. I get mixed reports on that, but certainly if you go into a French restaurant or a French motorway service station, they will have marked on the board behind the counter where the meat has come from. Interestingly, it has not led to the nationalisation of the French beef industry. There is plenty of Italian and Irish beef out there. It is perhaps because there were some accusations that that was what it was attempting to do. It has not succeeded in doing that, but it does provide the information. So there are examples.

Country of origin labelling is the other big area that we need to be pretty tough on, because I know that will prove challenging for some countries wishing to export to the UK.

**David Bowles:** As Minette has rightly said, mandatory method of production labelling is one tool in the toolbox. What is most important, and the RSPCA completely agrees with the NFU on this, is making sure we are not importing products to lower standards than we have here. It is frankly bonkers that, under our procurement standards, we can import products that are illegal here. We know of some instances even now where we are importing chicken that is below UK standards, and that is perfectly allowed under our procurement standards, so there is an issue there.

Tim Smith will be able to speak for himself when he comes along, but under the TAC it was clear that you should liberalise but only when you are doing so according to UK standards. The RSPCA agrees that conditional liberalisation to UK standards, only allowing stuff in for our standards, is the right way to go.

There are some good examples. Peter has mentioned France. In Switzerland they have labelling on menus, when you go into restaurants, on how the product has been produced. There are some good examples. As Minette said, retail is an area that is quite transparent, but let's get more transparency into retail and have mandatory method of production labelling in retail and then look at how to deal with the challenges in other areas as well.

**Mark Menzies:** Iyan, please note I got your name right. I am also Scottish. The Chair of the Committee claims to be Scottish, but he could not get your name right, so that says a lot.

**Chair:** Hands up, I am guilty. One-nil, Mark Menzies.

**Dr Offor:** I would echo what David is saying here about conditional liberalisation. It is important, and that is the only way you can safeguard against the potential detrimental impacts of free trade agreements.

Q111 **Mark Menzies:** What evidence is there regarding consumers' views on the idea of mandatory method of production labelling?

**Dr Offor:** On mandatory method of production labelling in particular I do not have the data, although David might. I know that over 59% of EU



citizens, at least, express willingness to pay more for high-welfare products, in a special Eurobarometer, which is some of the data that is used for this.

**David Bowles:** There was a Eurobarometer in 2015 that found that, in the UK, 55% of consumers polled wanted to have Government mandatory labelling systems, as opposed to voluntary ones, and 56% said they would look for higher-welfare labels when they went into the shops. Obviously, that is a poll and we all know the difference between polls and what the consumer does but, as I said earlier, if you look at what has happened with eggs, if you give them the right information, consumers will act.

Q112 **Mark Menzies:** Sticking with that, to probe it a little further, clearly method of production labelling is fine when you are dealing with, say, a ready meal and it has been highly processed. Would you want that mandatory method of production label to be on all the different types of products that people buy in the retail sector? For example, if you are buying a packet of chicken breasts, compare that with buying chicken that is part of a chicken tikka masala, where the consumer might also care quite passionately about how the chicken in the ready meal has been reared and cared for, and so on.

**David Bowles:** Absolutely, and the further you go away from the primary product, the less information the consumer is getting, but we are seeing changes there. If we look at mayonnaise, for instance, there are now some very good products on the shelves that say how the eggs were produced in that mayonnaise. RSPCA Assured labelling is going on to some products, not just the primary products but things like chicken tikka masala. That is the general trend. Of course, it is more challenging in those areas but there is a trend here.

**Mark Menzies:** Peter, is there anything you want to add?

**Peter Hardwick:** Not directly in that area. As I said, it is our members who will have to deal with the complexity in terms of providing the labelling, because it is at that point that the labelling is provided. It is slightly different with eggs, because the product is sold in the form in which it is totally produced. There is more complexity, and a lot of thought would need to be given to how to do that and, perhaps most importantly—and I feel this about wider standards—how we audit and check it in countries that are exporting to the UK. Doing it domestically is one thing, but if we lumber ourselves and lumber nobody else, we will have got nowhere.

**Minette Batters:** This is why our assurance scheme certificated, independently audited supply chains, from farm to fork, are so important. RSPCA is underpinned by Red Tractor Assurance. They all offer the consumer absolute assurance of how it is being produced, but still at this time, 20 years in, there will be many people who do not understand



## HOUSE OF COMMONS

comprehensively what those logos stand for. There is a case to take all that forward and work much harder on what we have at the moment.

Asda certainly trialled Red Tractor Assurance on its ready meals for a while. Whether it is Red Tractor or RSPCA, it has to cover every ingredient. Otherwise, with labelling, you only have to look on any pack and it is already confusing for the consumer, and certainly retailers are always very opposed to the extra cost of adding further labelling. That is a point that we have not picked up today, but there is always huge opposition to the size and how much you choose to put on pack.

**Chair:** I notice you chose chicken tikka masala. About 15 or 16 years ago the late Robin Cook described it as a national dish. The upgrade to that would be lamb tikka masala, but I am talking from bias.

On matters agricultural, it segues neatly to our great honour of having the Chair of the EFRA Select Committee in our midst this morning, Mr Neil Parish.

Q113 **Neil Parish:** Thank you very much, Angus, and thank you to the International Trade Committee for letting me guest.

Anthony Mangnall managed to steal quite a lot of my question before I got here, on the adequacy of method of production labelling, both voluntary and mandatory, as a response to fears that new trade agreements could undermine UK food standards in relation to animal welfare. Coupled to that, as Peter said, we must be careful that we do not put in a lot of very complicated labelling for our home market that does absolutely nothing to stop food coming in through a trade agreement if it is not in that particular agreement to keep it out. I have probably partly answered my own question, but I will bring in Minette first.

**Minette Batters:** Neil, I know you know this area exceptionally well, but you make a very good point. We are already seeing the point that Peter made with the EU situation, a 50% drop in dairy and more than a 60% drop in meat going into the EU. At the moment there is a real danger that we just pile more bureaucracy on to our producers. As I said at the beginning, we now lead the world on food safety. We have driven one of the safest food systems in the world. You only have to look at the past to see how quickly a Minister in MAFF could lose their job back in the day. Look at what we have created now. It has been a phenomenal success story, and it is the third most affordable in the world, after the US and Singapore. We should not forget all that.

The point that you make is key. We could add cost and complexity, and still the consumer could be confused. It is back to what is the simplest way to do this. The simplest way to do this is to make sure there is a clear negotiation and that this situation never arrives on our shores in the first place.

Q114 **Neil Parish:** There are some who will argue that we can have very strong labelling of our products and that will make sure people do not buy



food that comes into the country under a trade agreement that does not meet our standards. I do not believe for one moment that would work, but we do need to nail this one. Not everybody who goes into the shop buys the best standard anyway, probably about half. Mandatory labelling and voluntary labelling has its purpose and is good for upgrading products, geographical parts of the country and all these things, but I do not think it does anything on trade, does it? What is your view on that?

**Minette Batters:** No, it does not. It puts a sticking plaster on something when product has arrived here. We know the FSA research showed 9% of people surveyed said that labelling was important, animal welfare was important, and in store only 2% of those stuck to what they said outside. We know this is a significant challenge.

Yes, it will allow choice. David makes a very good point on eggs, but I would also say that we have now devalued free-range eggs so much that the price point has fallen right back. This is another danger, that what you achieve in labelling looks good but you end up lowering price.

I still think there is a significant challenge. Looking at how much the US invests in labelling and product promotion, it could come over as a very enticing promotion, but how would you know what stands behind it? This is where what we have achieved with certification and assurance becomes so incredibly important. There is a danger if it was used or weaponised in trade deals, it would be careful what you wish for.

Q115 **Neil Parish:** Definitely. Peter, processed food is where a lot of your imported product comes in. They are looking for very competitive prices, they are doing it as cheaply as possible, so who can blame them for getting hold of the cheapest product they can? Link that to a trade deal and to what is happening at the moment. What can labelling do, if anything, in those circumstances?

**Peter Hardwick:** I go back to what I said at the beginning. I believe the issue around mandatory labelling is how you deliver it and how complex and costly it is to do, not that it is the wrong thing to do. I say that straightaway, and I said it at the beginning. What is worse is infringing WTO rules and spuriously—I use the word advisedly—saying, “Sorry, we’re not letting this in, we’re not letting that in.” There is definitely a role there.

As I said before, the challenge is that, in the end, you have to have a comprehensive system in order to make it work and I am not quite sure whether that exists. It was very interesting listening to Iyan at the beginning. The way forward, surely, with all these things is not to go it alone; it is to try to see if we can get more common understanding, at least with the European Union, if not beyond, because there is no common standard, there is no common agreement on this. It might well pass muster at WTO. I probably agree with Iyan and David on that. I do not think there is necessarily a challenge there.



It is a question of how you make it all work. I readily accept the fact that people buy products based on this to some degree. We know over half of people will look at quality, but a little under half will not. That is a challenge for the industry. I am not sure if I have the answer, if I am honest. It is the way it is.

**Q116 Neil Parish:** The argument to put something clearly in the trade agreements with whichever country to control the level of production and welfare is so important, but I will not keep boring for England on that one.

David, on labelling and the WTO, would we not still have to have a standard, through labelling, to be able to maintain it through a trade deal with another country? Is that how you see it, it needs to be written into the trade deal itself?

**David Bowles:** You will not find any disagreement among the witnesses that we need to stop products coming in at lower standards than we produce here. There are a variety of mechanisms that can do that, from import bans through to conditional liberalisation and mandatory labelling. Those have different thresholds with the WTO. We know, for instance, mandatory method of production labelling is allowed under the WTO. The tuna-dolphin dispute, which went on for 30 years, showed that very clearly. You are allowed to do Government mandatory method of production labelling, and that is permitted under the TBT.

The other advantage of mandatory method of production labelling, don't forget, is that it can apply to imported products. The egg-labelling scheme that we have had since 2004 does apply to imported products. As Iyan said at the beginning, it has never been challenged by the USA or, indeed, by any other country. That is an important thing when we are going forward. The UK Government need to be brave when they are bringing in new mandatory method of production labelling, and not just apply it to our products produced here but apply it to imported ones as well.

**Q117 Neil Parish:** The point you made at the end, David, is the most important. Otherwise, much as it may be laudable for us to bring it in for all our own production, we will find we are undermined even more so, if we are not careful, by imported product if we do not get that into the agreement. That is why we are all working so strongly to make it happen. Thank you for those comments.

Dr Offor, what comments would you like to make? Then Anthony might want to steal a little bit back from me when I finish.

**Dr Offor:** On this question more broadly, labelling, if it were to be put in place ahead of free trade agreements, is a potential circuit breaker for the potential impact that free trade agreements can have. Obviously, we are talking about things like chlorinated chicken and the bans that exist in the UK at present but, as David mentioned, there are substandard imports coming in anyway in other areas.



Having free trade agreements and enhancing trade liberalisation means those potential detrimental impacts on UK farmers could be enhanced, whether it is substandard imports that can lead to low animal welfare havens or low food safety havens outside the UK. We have seen that happen with the egg rules. A new export industry for battery caged eggs cropped up in Ukraine, where it did not exist before, so there is evidence that these low-standard havens can crop up and there is no way of preventing that potentially causing a chilling effect on standards. It would be speculation to say whether that could happen or not. The lack of labelling means all this is compounded and intensified because consumers do not know what standards imported products are being produced to.

It is a potential circuit breaker. I agree with the others that there are limits to its effectiveness, so it needs to be part of a broader range of measures.

**Q118 Neil Parish:** You talk about Ukraine and battery hens. A lot of our processed egg is either liquid or powder—mainly liquid these days, I think. A lot of that is imported. If you are not careful, you would have absolutely no idea how that liquid egg was being produced in the first place, so that is a real issue. If they do not necessarily have to label their product when it is finished, or if people do not take any notice of it, I do not think it will protect us. Is that your view?

**David Bowles:** Ukraine is a very interesting issue and, to be honest, the EU did not play Ukraine correctly. We have a big country on our border that is producing well under EU and UK standards. The EU then gave it money to improve its production and then it gave it, in its bilateral trade agreement, tariff-free access for its eggs. That was not a good way to play it, and the UK needs to be very sure, when we do free trade agreements, that we look at the standards in the other countries and we do not give them free trade access if those standards are below our standards.

**Neil Parish:** That reinforces it. Thank you very much. I will park my questions there. Anthony, I hope I have stolen most of my question back and you do not have much left.

**Q119 Anthony Mangnall:** I am privileged to learn from the Chair of the EFRA Committee in so many ways.

Dr Offor, we are all hearing the complexities of trying to make labelling work. Certainly, when one discusses this with the farming community in the UK, they are very resistant to any significant changes because of the sheer volume of information that would have to be included or might have to be dealt with in terms of matching the levels of imports coming in. Is there some view or some value in having trade negotiations start off with a review of each side's standards and then discussing them at the point of negotiations so that both sides are aware of where things are, and then building from there? As far as I am aware, that is not necessarily happening in trade agreements at present.



**Dr Offor:** Yes, there is scope to do that, and it would certainly be helpful to raise that understanding on both sides, but this can happen in other contexts as well. It does not just have to happen at the start of the free trade agreement negotiation. It could be broader than that. It could happen in other contexts, because this concerns more than just trade.

Despite the complexity of the rules, it is possible to do this in a way that is compatible with WTO law. A mandatory method of production label, as David mentioned, could be implemented in a way that complies with WTO law, or could at least withstand a challenge if one were to be brought. That is a political decision and, as has been noted, has not happened with the likes of eggs or the other labelling regimes that are out there. I can speak a bit more to that and the WTO compatibility if that is interesting.

Q120 **Anthony Mangnall:** It is more about the actual deliverability that I am interested in. Again, we go back to the point of the complexity of trying to deliver a project like this, taking WTO into account as to whether or not you might move towards a traffic-light system and whether or not you broaden it out to such a base that we set a marker and try to get the international community on board.

Maybe this is one for David. Where do you see it going? Yes, it has worked on eggs, but it has a great deal more complexity and more problems when it comes to meat, fish or part products that go into one whole item. Does a traffic-light system appeal to you?

**David Bowles:** You have Tim Smith coming up in the next session, but if you look at his report, it very clearly said that if you are going to have free trade agreements, you need to have a transparent system where you are comparing standards, comparing outputs, and do not start to negotiate on liberalised trade unless you have agreed that those standards are equivalent to your standards. There are a variety of mechanisms to do that.

On how those mechanisms work and what is on the label, you are right that eggs is the easiest issue, which is why it was done first. We already have an agreement with the pig sector on outdoor pigs, and it would not be very difficult to have an agreement on what the labels would be for pigs indoors as well. Once you go away from those into beef and dairy, as Peter said, there are challenges, but those challenges can be overcome through a transparent consultation between the industry, NGOs, the Government and retailers. You can get to a point where you have good labels that the consumer understands and is willing to utilise when they are making their buying decisions.

**Anthony Mangnall:** Thank you. I am conscious of time, but I suspect this is going to be something we come back to again and again over the coming weeks, months and years.

Q121 **Chair:** Minette or Peter, you both raised the point of consumers saying one super thing in theory but, when they walk through the doors of the supermarket and see something like 3p off a jar of whatever, the



behaviour is different. Has there been any work done that you know of that compares different societies? I am thinking of levels of inequality, poverty and Marcus Rashford's work on food in the UK. Has the UK consumer been compared with consumers elsewhere? In other words, are there societies where there is less inequality and less poverty, and where the consumer will behave markedly differently, or are all consumers in all places much of a muchness? Has any work been done that either of you know of, or that anybody knows of?

**Minette Batters:** I am sure Peter will have some thoughts on this, but there is a lot of evidence that people on lower incomes end up spending more—I think the figure is 19%—on their food because ready meals and processed foods are more expensive. It is not a situation where one size fits all. The average here in the UK now is that only 8% of income is spent on food, but there are many case studies showing that where you are buying a lot of heavily processed food, a lot of ready meals, the cost is much higher and it becomes 19% of income spend.

What is absolutely front and centre of this argument is that we do not create a two-tier food system. If we went down this road, effectively alone, without making sure these are dealt with in trade deals and it is about method of production and country of origin labelling, when it gets here there is a real danger that you would do exactly that. You would disadvantage the poorest in society by creating a two-tier food system.

Do not forget in all of this what we have done and continue to pioneer in our work on antimicrobial resistance, which has been about lowering antibiotic usage. There is still more work to do, but it has been a fantastic success story to date. Why would we disadvantage the poorest in our society and not give them access to high-quality, affordable British food the same as everybody else has?

Q122 **Chair:** You have brought in a lot of things that are valid, but the original point is that it is driven more by habit than economics. Is that a rough summary?

**Minette Batters:** There are all sorts of other things in there: valuing food, the situation with food waste, the ability to cook from scratch. There are all those other things that come into why people make the shopping decisions that they do.

**Chair:** Peter, do you have anything to add?

**Peter Hardwick:** I do not.

Q123 **Mark Garnier:** Dr Ofor, could I turn to you and ask you a few questions that, in the spirit of stealing questions, we have covered a little? Neil Parish and Anthony Mangnall have been doing a bit of question pickpocketing, so we have covered a little bit of this.

**Chair:** Shocking behaviour from the Tories on the panel.

**Mark Garnier:** It is shocking. You cannot trust a Tory. Having ruined my



parliamentary career with that comment, I will move back to Dr Offor.

We briefly covered the World Trade Organisation. Could you set out, not definitively but as best you can, exactly what issues are potentially posed by any mandatory method of production labelling system so that we can get that encapsulated in one?

**Dr Offor:** What is interesting is that this issue has not been given a lot of attention in the literature recently. The last significant study into the WTO compatibility of mandatory method of production labelling was in 2009. It was a feasibility study, or report, done by the EU. At that time there was not as much relevant case law, so they concluded that in the absence of case law it was impossible to predict compatibility with WTO law.

That is no longer the case. There has been what is referred to as the TBT, the technical barriers to trade trilogy of cases, as well as the EC seal products case, all of which come to bear on this issue and have given us more clarity than we previously had. There are avenues for compliance with the WTO laws for mandatory method of production labelling that is set out in those cases.

The relevant rules are found in the TBT agreement, as well as the General Agreement on Tariffs and Trade. Both apply. The TBT agreement is the more specific regime, so that tends to be tackled first, but it is important to draft any regime with both agreements in mind, because the requirements in both need to be considered.

Essentially, the situation is that while less favourable treatment might be proven if one country did not have as easy access to the label, in fact, because it could not reach the label's highest level with its current production, it could argue that is trade discrimination, but it is easy to defend against that. There are two ways in which you can do that. One is to argue that the products that meet the highest and the lowest levels of the label are not like products. There are a few different ways in which you argue that, one of them being consumer perception or taste and habits. The second way you can argue is to accept that there is discrimination between like products but argue it was due to a legitimate regulatory distinction. You can argue that on the basis of wanting to provide consumer information, which is a legitimate reason to make such a distinction in the level of labels, and another reason is to protect the public moral concern around, say, environmental protection or animal welfare protection that might be included in those rules. Those are some of the considerations, but obviously you would need to take some specific advice in terms of drafting in order to meet that ahead of time.

Q124 **Mark Garnier:** It is potentially quite a legal minefield in terms of how you interpret this. It is not that straightforward, or have I misunderstood you?

**Dr Offor:** I would say the only ambiguity is the fact that this is not covered specifically in the WTO treaty, so we have to rely on



interpretation by the court. WTO lawyers will be able to interpret that in line with the most up-to-date information. It is navigable.

**Q125 Mark Garnier:** It is obviously quite a deep area, but can the WTO potentially rule that somebody's labelling of another country's import could be deemed as protectionist? You could label in a fairly aggressive way. Take the wretched chlorinated chicken that we keep talking about. You can stamp it to look like something potentially horrible. Clearly, Americans do not think it is horrible, and we do not see thousands of Americans dying every year from chlorine poisoning—indeed, as we do not see people who go swimming dying from chlorine poisoning. If you have a very aggressive type of labelling, could that be seen as a type of protectionism?

**Dr Offor:** Technically, it does not even have to be aggressive labelling; it can be any kind of labelling, so long as it affects the levels of competition of those two products on the market. If one is able to reach different levels of the label, that can be deemed a protectionist measure, but the avenues for compliance with WTO law mean you can work around that. There are very legitimate exceptions within the rules that allow you to make those distinctions, or you can just argue that the products are so fundamentally different that they are not in competition with one another. Those are a few different avenues you can use.

**Q126 Mark Garnier:** That is very helpful. Minette, you have your hand up, but you might want to answer my next question at the same time. What work has the NFU done on the legal advice you have had in this particular area?

**Minette Batters:** On chlorinated chicken, there is no internationally recognised way of labelling these products. When talking about hormone-treated beef or chlorinated chicken, there is no internationally recognised way of doing that, so in order to achieve it that would have to happen. Access of entry remains a decision for the Food Standards Agency to state whether it is safe. You articulated very well that others absolutely believe it to be safe. It doesn't take you away from the challenge of the method of production and the cost of the method of production. That is what people in this country have driven. They want to see higher standards of animal welfare, ever-higher standards of animal welfare. They do not necessarily want to pay for them, but I guess our approach has been on making sure that trade is fair.

You ask about the legal position. We have done a lot of research into this, and we just do not feel it is the solution. We feel the solution is before you get to the point of entry so that these situations are resolved within the trade negotiation rather than when it gets here. There is a significant challenge. We continually come up against building greater consumer awareness of what is out there already: RSPCA certification, Red Tractor, LEAF. It has grown over 20 years. There is greater consumer understanding, but it is nowhere near 100%; in many cases it is much lower. Red Tractor has the overall brand recognition, because it is on £15



## HOUSE OF COMMONS

billion-worth of food, but there will still be a lot of consumers who do not understand what it stands for. That is now.

Q127 **Mark Garnier:** You raise an interesting point about consumer choice. Consumer choice is a good thing, assuming the consumer understands what their choice is. If they do not understand what their choice is, how can they make good or informed choices? Is that basically what you are driving at?

**Minette Batters:** That sits at the heart of it. Again, we are talking about retail. How are we going to keep everybody honest in the out-of-home market, and what is that going to look like? We have not even started to have that conversation, let alone look at what would be needed.

Q128 **Mark Garnier:** Ultimately, we could have Kentucky Fried Chicken coming from Kentucky, bearing in mind that other types of deep-fried chicken are available.

**David Bowles:** Kentucky Fried Chicken will hopefully soon be RSPCA assured, so we can get progress. Minette mentioned McDonald's. If you go into McDonald's for your breakfast, you get RSPCA-assured eggs and pigs. You can get real progress there.

I was going to mention WTO case law, which does help us. It says that it is a country's right to make sure its consumers are not misled, and that consumer tastes are very important for when a country is constructing a mandatory method of production labelling. There is a lot of flexibility given to countries, and it is up to us to see how brave the UK wants to be in using that flexibility in constructing a mandatory method of production labelling scheme.

**Mark Garnier:** That is very helpful. Peter, do you want to add anything?

**Peter Hardwick:** The challenge is always going to be how, what and so on. As Minette said, we have effective ways of communicating with consumers through our existing assurance schemes. Moving into the area of mandatory labelling is going to be challenging for us, never mind anybody else. It is always a question of that, rather than the principle of whether we should give more information to consumers. I do not think anyone argues against that, it is how we deliver it and whether we need mandatory labelling on top of the existing arrangements we have to provide information. I don't know the answer to that question, if I am honest.

It was interesting to hear the question about aggressive, if you wish, or strong wording. In fact, even in the area of eggs the scheme does allow a clear statement that says "non-EC standards", if goods are produced to non-EC standards that do not guarantee the EC standards are provided. That is a fairly broad-brush way of doing things, rather than going into a great deal of detail. Whether we can—and this is the challenge—negotiate away these issues such as hormone-treated beef and chlorinated chicken is a moot point. I am not convinced that we can and, therefore, I suspect



## HOUSE OF COMMONS

we are going to have to find some way of communicating that information. The question is how we do it and whether we use our existing, pretty effective schemes for doing so, or whether we go down the mandatory route, which I am not convinced at this point is necessarily something that we are ready to do or have enough information to do.

**Minette Batters:** It has been an often-quoted point, but don't forget that in 1986, when we brought in the stalls and tethers ban on the pig sector, we completely decimated our pig industry. We had very clear country of origin labelling, and what did we do? We bought a lot more Danish pork that was clearly labelled. Nobody in the pig sector would want to go back to those days, but that is ultimately what happens. You can have your clear country of origin labelling. If you require one standard for imports and one standard at home, you will ultimately undermine your own producers, as we saw there where we decimated our pig industry.

**Mark Garnier:** As we have seen with Danish bacon and New Zealand lamb, you use the country of origin as a marketing point.

Q129 **Chair:** I am conscious we are coming to the end, and I know we have Government Ministers waiting in the wings, but there is one other question I would like to ask. Government Ministers are famed for their brevity of answers, so we still hope to end at midday.

We probably do not want food labelling to be used as a Trojan horse for lower food standards in the market. You have been very good to come along this morning and talk about food labelling as such, but is that a correct statement that sums up your position? I am going to come to each one of you and get your point on the interplay between labelling and access into the market for different standards of production.

**Minette Batters:** Just to be categorical, we do not believe this would work. It would be a last-ditch resort for us. The Government have been very clear in their commitment to food standards and must stick by that in all trade negotiations. Even if you did, as a last-ditch resort, have to go down this route, it does nothing for procurement. It does nothing for over 50% of the value of the food sector, which is out of home. On that basis, no, we do not support this as any form of solution. As I say, it would be a last-ditch resort if all else had failed.

I do not believe it would then be allowing the Government to honour their commitment. The Government have said categorically that they will not undermine our farmers. This would undermine our farmers. It would leave consumers to make some choice in 50% of the market, but it would undermine our farmers.

**Chair:** That is very clear. Peter, do you want to come in to add, subtract, whatever?



## HOUSE OF COMMONS

**Peter Hardwick:** I would largely support the NFU position. I have my concerns, however, as I said before, about our ability to prevent products being imported if, particularly in the case of hormones, we already have a WTO ruling in the opposite direction. That is a question of the skill of our negotiators, I guess, to work our way around it. We share the reservations about a compulsory scheme on the same basis as Minette has said.

**Chair:** The Committee is having a private briefing with New Zealander and Australian negotiators later today, so we will bear this in mind. Iyan, would you like to contribute on the interplay between labelling and market access?

**Dr Offor:** There are potential benefits to mandatory labelling in terms of consumer information, but obviously it needs to form part of a broader range of measures. Conditional liberalisation in free trade agreements is going to be very important in that regard.

**David Bowles:** Obviously the RSPCA supports mandatory method of production labelling, but we are at one with the NFU and Minette that this should not be used as an excuse for allowing end products produced to a lower standard. Conditional liberalisation should be the No. 1 thing that the Government go into bat for when they go into free trade negotiations. They should not say, "Well, we will just default to mandatory method of production labelling." The most important thing is not to let those lower-standard products come into our country, but method of production labelling gives consumers an additional touchtone, which we know they want when they go into retailers looking for these products.

**Chair:** I thank all four of you, Minette, David, Peter and Iyan, for your time this morning. Without further ado, and given the pressures on time, I will move to the second panel. Thank you, panel one.