HOUSE OF COMMONS

International Trade Committee

Oral evidence: The Impact of Coronavirus on Businesses and Workers, HC 286

Thursday 30 April 2020

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Watch the meeting

Members present: Angus Brendan MacNeil (Chair); Robert Courts; Mark Garnier; Paul Girvan; Sir Mark Hendrick; Mark Menzies; Martin Vickers; Matt Western; Mick Whitley; Craig Williams.

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

Questions 94-118

Witnesses

I: Professor Bob Doherty, Professor of Agri-food and N8 Chair in Agri-food, University of York, and Professor Fiona Smith, Professor of International Economic Law and N8 Chair in Agri-food, University of Leeds.

II: Andrew Opie, Director of Food and Sustainability, British Retail Consortium, and Ian Wright CBE, Director General, Food and Drink Association.

Examination of Witnesses

Witnesses: Andrew Opie and Ian Wright

Q94 **Chair:** We will now switch to the second panel of witnesses as quickly as possible. Could the second panel please introduce themselves?

Andrew Opie: Thanks Chair and hello everybody. I am the director of food and sustainability at the British Retail Consortium. We are the trade association representing all major retailers, except for Tesco, plus many of the food-to-go brands that you see on the high streets.

Chair: Thank you. Now we come to a familiar face—to me and to past Committees, if not to current members.

Ian Wright: Thank you. I am Ian Wright, the chief executive of the Food and Drink Federation, which represents food manufacturers, producers and importers across the UK, and I am also the co-chair of the Food and Drink Sector Council.

Q95 **Chair:** We all know the situation. I am looking at Steve back in the Wilson Room. We have 53 minutes for this panel, which is all we could negotiate. After that, the guillotine will fall on us. Briefly could you outline the ways in which your members have been affected by the Covid-19 pandemic?

Andrew Opie: It has been a huge, unprecedented challenge. There is no doubt about that. I slightly disagree with some of the previous witnesses. I actually think it has shown the supply chain to be robust. The fact that everybody in the country has the food they need, even in these unprecedented times, shows the flexibility of the supply chain and the hard work of retail workers and their suppliers to get the food on the shelves.

I think it has been a fantastic effort and has actually highlighted the robustness of the supply chain, particularly considering that retailers were dealing with demand figures that exceeded those of Christmas and for a much longer period. Members might not be aware, but generally retailers gear up for Christmas quite early—they start four or five months before, they employ more people, they have more people in their warehouses, they stockpile food—and that means we all get the food we need at Christmas. We had those similar levels of demand, over a longer period, and during probably our peak period for imports, particularly of fresh produce. The fact that everybody in the UK got the food they needed is testament to the robustness of the supply chain and the hard work of our suppliers and retail workers.

Q96 **Chair:** Everything's hunky-dory, Ian Wright?

Ian Wright: I am not sure what the legal definition of hunky-dory is, and there is probably a different one in the Western Isles.

Andrew has made a couple of important points. The really amazing thing is that for the last six to eight weeks the food delivery system to shoppers has stood up to almost all the tests put to it. In those first few weeks, not just after but before the lockdown, when people in Britain who had the option had decided to work from home—remember that was before the lockdown in many cases—basically what happened was that 30% of the consumption of food in this country, which used to be out-of-home catering, contract catering, hospitality—call it what you will—walked across the road to retail. And retail—Andrew's members and the convenience stores—was asked to provide the entire food consumption of the UK. Of course, there were disruptions to that, not least because the just-in-time system, to which we are all so used, actually works on the basis of algorithms based on previous behaviour. So if the previous behaviour is no guide, the system is blown. So the fact that it took this on board very quickly was impressive.

There are two other things I would point to. One is the fact that international trade in food, or at least imports of food into this country—as Andrew mentioned, we import 40% of our food overall—have stood up extraordinarily well, including those from Spain, Italy and France. That is a remarkable testament to both the people there and those who bring the food into this country. Finally, there is a really important point: the half a million people who work in food and drink across this country in manufacturing—the hidden heroes of the story—have kept working in circumstances of considerable anxiety in the middle of a national crisis and they have kept producing. To do so at the levels they have is a real success.

Now, there have been some other concerns, which I am sure we will come on to, and I do not want to make it sound as though we are in Elysian fields—we are not; this is a national crisis and it is really difficult—but there have been some successes which we should applaud as well as be realistic about what else has happened.

Q97 **Chair:** What key challenges has the sector has faced in responding to the pandemic's impacts? What are the top three surprising things? I hear what you are saying about the algorithms, but what came out that was a bit of a surprise and shock that may be a learning for the future?

Ian Wright: Shall I go first? The good surprise has been that the system stood up. But I think we have to accept—probably none of us would have thought this, but it is blindingly obvious now—that the algorithms and the systems that managed supply were all based on previous behaviour, and, if previous behaviour is capable of being so changed overnight, of course things will change. Of course, people have preparations for pandemics, but maybe this is a lesson for that kind of "think the unthinkable."

The second big thought I have is that, until about the beginning of March, nobody would have actually realised that out-of-home and hospitality was essentially a discretionary purchase. We would have assumed that we would always go to coffee shops, go to restaurants and go down the pub. The fact that it could be turned off, and retail would have to be left on,

may have been obvious to some, but it certainly was not obvious to me or a whole lot of the industry.

The third thing, which is probably less well observed, is that, at least in the initial part of the crisis, we focused on supermarkets and failed a bit to properly serve convenience stores and local stores. That is a lesson that we should learn, because convenience stores and local stores represent 25% of consumption in this country.

Andrew Opie: I am not sure it is 25% actually, because I think the top 10 grocers account for about 90% of sales, but I am not going to quibble over that. I agree with much of what Ian said.

There are a couple of things I want to point out. Ian's point around where we thought there might be the challenges that did not come was a little bit of a surprise to us. The fact that pasta exports from Italy actually increased during a period when they were facing severe problems with the virus was a surprise. Similarly, that Spanish fruit production continued where workers were affected was a surprise.

I think the biggest challenge for us, though, was the speed at which things changed and the influence of that on consumers—particularly, for example, key announcements such as school closures and when we went into the lockdown. That had a real, immediate impact on consumers, which no supermarket really could stockpile enough in advance for, and the notice period was so short that we were not told.

Similarly, and again, where we really rose to the challenge in the retail sector—it was an enormous challenge—was on the evening when the Government announced that we were going into lockdown and social distancing was going to be required for those who shop in supermarkets. We convened a very quick conference call with our members that evening, quite late at night, to agree things that supermarkets would put in place quickly, such as plexiglass screens, two-metre distancing and the management of queues, to get that going. But again, the notice for that was so short that it was a fantastic reaction from retailers to be able to do it. Many of the lessons are now going to be used, hopefully, for non-food shops, which hopefully will be opening some time in the future. Trying to manage through and react to these very quick changes was very, very difficult.

The final thing I would say is that where we did have some advantages was that we knew that some of those challenges were coming, because some of our members operate stores in Europe, where they had already seen the virus happening. We knew from Ireland, for example, that as soon as the Government there announced school closures, the supermarkets faced intense panic buying at that time, so we knew in this country that as soon as the Government announced school closures, we would see the same in the UK, and we did see the same in the UK.

Chair: Fascinating. For Members here, you might have heard a bell. It is the virtual Division, in which we have 15 minutes to vote, but I think we

can vote and continue with what we are doing, because we are the type of people, I think, who can manage to multitask—he says, looking for his bits of paper, alarmingly. I will bring in Matt Western.

Q98 **Matt Western:** Thank you, Chair. We will try to do two things at the same time.

To follow up on that point that Andrew Opie was making—this question is to both of you—about the learnings from other markets, of course we have not only very successful domestic food retailers, but some very successful ones from Europe, and they would be several weeks ahead of us in terms of their experience of Covid-19 and the crisis and how that was impacting on the supply. I guess the question for me is—having seen at first hand and the reports on the reaction to the crisis, and knowing that we were several weeks behind what was going on elsewhere in Europe—how well you think the sector was prepared for the outbreak and how successful the industry was in strengthening its resilience to international supply chains.

Andrew Opie: Thank you for the question. It did give us some advantages. Most of the major retailers that we were dealing with set up their emergency incident groups in early February, looking ahead and trying to learn from countries like Italy and Austria, which had seen the virus first. The problem, as I alluded to at the start, is that when we prepare for Christmas, we start in about July or August and build up slowly in that period. So while supermarkets rapidly took on thousands of workers, particularly in the warehouse and distribution area—actually, this problem was about logistics; it was not a supply issue. There was plenty of food and we always knew that there was food out there. It was just about getting it to the shops and on to the shelves quickly enough. They did try to react to that as quickly as possible. They tried to increase their online delivery, and we have seen that happen. The problem was that it was a relatively short period of time.

Where it did help was to signal where the pinch points were likely to be. Also, interestingly, the companies that you alluded to were also able to say—for example, in countries like Austria, which had maybe gone through the peak of their problems and had had the lockdown in supermarkets—that actually, the supermarkets themselves recovered relatively quickly. So we were always confident as an organisation to say that we knew that the country would get the food it needed and that things would return to normal—as normal as is possible with social distancing—after a period, because the consumers in places like Austria really are not that different from consumers here. To get the feedback from those companies directly, from their experience in those countries, was really useful to reinforce our message—what we could tell Government and what we were telling the media at the time—which is why we always used that language. We were always confident that the country would get the food that it needed. It might not always be the food that we would choose on a regular basis, but we would get the food that we needed. It is great to get that intelligence, which helped the preparations, but you are still probably looking at a four or five-week preparation, whereas for Christmas we would probably take four to five months.

Ian Wright: I would make the same sort of point. We have a whole range of manufacturers who operate in both Asia and Europe. In our case, it was more about some of the technical things of setting up factories and production lines. We knew that we would need to do some form of distancing. We knew that we would need to look at range rationalisation—we were asked to do that by retailers.

I can think of one company that at that time of year would normally produce more than 80 different stock keeping units—SKUs; individual products—but went down to 12 in order to deal with the possibility of any kind of absence. Some issues around transport to work, schools, reconfiguring catering—all those practical, pragmatic issues—we knew of reasonably well in advance.

Q99 **Matt Western:** A question to you specifically, Mr Opie. What do you think has been the effect of the pandemic on the sourcing operations of food retailers in respect of overseas supply? I am thinking not only about obvious products but constituent products as well.

Andrew Opie: It has definitely given some headaches. If nothing else, the technologists who generally work for the supermarkets and fly out to countries and look at the quality and the production of those items have not been able to do that, obviously, and nor has auditing gone on in those areas, so there are definitely some technical issues. However, the sourcing itself held up relatively well. We import about 80% of our goods and food for supermarkets from the EU. Only the remaining 20% comes from the rest of the world, and within that, probably less than 10% is from developing countries, so it is relatively small in terms of the food you would see in a supermarket, particularly as we are probably about 70% or 75% UK-sourcing here. It is not a major issue for us. The major challenge is really Spain and Italy. Those were the two key countries for exports into the UK and two key countries that were affected by the virus. Provided that those countries stood up well, which they did—we were getting daily updates from the suppliers in those countries—we knew that we were reasonably comfortable, in terms of food on the shelves.

Q100 **Matt Western:** Can I turn to you, Mr Wright, to ask about exports and how well domestic producers have been doing through this period? Are we seeing marked increases, is it flat, or have there been decreases?

Ian Wright: It is a very patchy picture. We asked our members this week what their experience was, and about half had seen no change, only about 8% had seen increases and over a third—nearly 40%—had seen either a decrease or the exports stop. I think it is pretty much directed towards where the customer is. If the customer is in retail, the exports have continued. If the customer is in hospitality, the exports have probably declined sharply or ceased. A good example of that would be fine cheese. If you are exporting fine English cheese to Europe, it is usually to a restaurant or an eating establishment, which is unlikely to continue because it is not a product that you can store. There have been those sorts of issues around. There has been some repurposing of exports, and

certainly in the last couple of weeks China and Asia have come back extremely strongly, but it is that sort of picture.

Q101 **Matt Western:** That is interesting. Finally, for both of you, what do you see as the long-term changes to the supply chains in the aftermath of this?

Ian Wright: There will be some big changes, but they will be partly driven by what the market looks like over here. I think the speed with which out-of-home comes back— I am very much of the view that out-of-home will come back differentially. If it is food to go—I know that is not the right technical expression—that will come back moderately fast as workplaces open up. If it is sitting-down food, to be eaten in pubs or restaurants, that will take longer. The trade that supports those two different options will be differentially affected. Andrew is much better placed to answer this, but there will be some impacts in terms of shoppers, initially at least, looking at products from nearer to home. That is a natural reaction in a crisis. I know we are going to get on to the whole question of self-sufficiency, but I think that the UK shopper does not necessarily always immediately think of the origin of the product. When they realise that their product comes at least partially from abroad—40% of the food we eat is imported, and most of that is in ingredients rather than in ready food—they will start to think about that. I am not sure there will be quite as much enthusiasm for a protectionist agenda as might have been alluded to in the earlier session.

Andrew Opie: My only build on that would be is that it has probably focused our minds more on the EU-UK trade deal than ever before. In fact, we are already starting discussions with the Government over that, because we have frictionless borders to bring in all that fresh produce that I spoke about earlier. We are approaching a similar cliff edge, potentially, in January next year, where the short straits crossing, which I think somebody referenced in the previous session, is so important to shoppers here. Getting fresh produce across within our just-in-time supply chains relies on the ports at Dover and Folkestone working at a rate of 100%. Therefore, our real concern now is turning to the EU-UK trade deal, because this has shone a light on our reliance on imports, particularly of fresh produce, at this time of the year—so it will be a similar time of year—from the near continent. That is the bit we really need to resolve.

Chair: Just to let you know, and I am sure other people are having the same issue, our remote vote is still loading on both my phone and my iPad, which I have tried. I am seeing some nods there. We will not do too much on that, because we have tomorrow's trial as well, but I really hope this works, personally speaking.

Q102 **Sir Mark Hendrick:** How have the Government, particularly the Department for International Trade, assisted the agrifood sector in responding to international supply chain issues caused by the pandemic?

Ian Wright: It is not just the Department of International Trade; where I would say that there has been very good co-operation is between DIT and

DEFRA. DEFRA moved quickly on the mechanics of supply; that is a lesson, incidentally, for other Departments as business opens up in the weeks to come. DEFRA very quickly established something called the food industry resilience forum and brought together the operations directors of all the leading retailers, all of Andrew's members, plus some others: the operations directors of the manufacturers, of those who do distribution, of the wholesalers, of the freight companies and so on. That group met every morning up to last week, and now it is three times a week, looking at specific issues and specific concerns.

They also brought in a guy called Chris Tyas, who is the former global supply director of Nestlé and is an immensely distinguished business leader in this very specialist field of logistics. That group has addressed issues. It has not debated, it has not discussed, it has simply surfaced issues that are barriers to getting the supermarket shelves full. That could be, "Can people in manufacturing go to school?" It could be, "Are the police properly informed about who key workers are?" Equally, it could be, "Can you get through the Port of London?", "Can you get through London Gateway without paper documentation?" or "Are there enough drivers?"

All those issues have been surfaced on that call, and that has been a real aid to the way that this crisis has been dealt with. The Department for International Trade has been engaged in those calls, although they have been called by DEFRA. We have had a lot of co-operation with DIT in opening up ports and getting the green lanes working through Europe. It has been a collective effort, and on the practical side it has been very collaborative.

Andrew Opie: I agree with that. Our main reference point has been with DEFRA. We have worked very closely with them. Their officials and the Secretary of State have been superb in giving us the support that we needed and the links into DIT.

Our experience with DIT is, therefore, fairly limited, but it would be remiss of me not to mention the help they gave us in securing paracetamol exports out of India. That was a major problem for everybody, for a while, when India closed its borders. They secured quite a large consignment of paracetamol, at a time when we were running dangerously short of paracetamol. When we needed them, we spoke to the Minister, Greg Hands, and they really made a difference on that point.

Q103 **Sir Mark Hendrick:** In terms of resilience for the future, what have producers and retailers learned from this, and what can the Government do to make things better in the future?

Andrew Opie: Our resilience really relies on our trading relationship with our largest trading partner, which is the EU. There is no getting away from that: 80% of our food imports for supermarkets come from the EU. We rely on them heavily to supplement us when we are out of season, which is through the hungry years. That is the bit that we have to get right going forward: we must have a good trading relationship with the EU. That is vital to our consumers here.

Within that, we need to resolve the issue of transport between Great Britain and Northern Ireland, while preserving the issues the EU has over the single market. Northern Ireland consumers have the added issue of how we transport from our Great Britain depots into Northern Ireland without the checks being so excessive that they make the food almost unaffordable when it reaches the supermarket in Northern Ireland. I am sorry to bore everyone, but the EU-UK trade deal is fundamental to our resilience going forward.

Q104 **Sir Mark Hendrick:** That is particularly bad, given that Covid-19 is going off while we are in this transitional period. The idea that we can finish it on time, as well, seems to me to be a bit far-fetched. Ian, what do you make of that?

Ian Wright: We have taken a view over the last six weeks, and now for a bit more, that we will just focus on dealing with the virus and the pandemic, and we will not get into too many political arguments about Brexit or about pausing regulation consultations or whatever, because we want to focus on co-operating with the Government. The thing that strikes me about the future is that none of us of knows what the economic and, importantly, the social impacts of this virus will be for the UK or anyone else. Try to decide what you want as a policy outcome when you have no clue what society will look like. Will there be 7 million or 8 million unemployed, as some are suggesting? Will there be a 25% cut in GDP over the next few months? For us, as exporters, what sort of markets will we be exporting into in Europe and elsewhere? For us, that is the concern, but it is probably way above my pay grade.

On the practical issues—going back to that question of exports—we have really focused on imports and looking after the UK shopper, because that is our primary duty and, indeed, the primary duty of Government. The primary duty of Government, in my view, is to feed the nation. Food is a matter of national security, as we have heard all the way through. If you do not feed the country, you do not have a country. As this crisis eases—if it does—the capacity for the UK to export will be very important. We will need the help of DIT with DEFRA backing it in a real effort to restore our position on food exports.

Q105 **Mark Garnier:** My question is to Ian Wright. You have given us a very pleasing example of how the Government have worked very well when it comes to these food industry resilience forum meetings, which is fantastic. Following on from your last point about the future, the food industry reports to DEFRA, and DIT has a role to play; you talk about exports being important; you have BEIS regulation; there are all sorts of different things that are incredibly important to the food and retail industry. How do you find the possibility that the Government may learn how to better engage as a single Government, rather than you having to deal with a whole host of different Departments, or is that not really a problem? I mean, how do you find dealing with the Government in normal periods? Is it too complicated, or can we learn a lot from what's happened over the last few months?

Ian Wright: I would say "learn a lot from what's happened". I do not think that necessarily means that you need to have only one Department dealing with food. That would, of course, be easier in many ways, but when you draw those lines sometimes you get unexpected widows and orphans left over the border, and you do not know quite how that will ever be dealt with.

The notion of having a lead Department with a very clear locus to act is important, and that is what has happened in this case. It is important that other Departments are brought in, and I see the opportunity to have a clear, holistic view that includes all aspects of food and drink. That is why I think the much-vaunted Henry Dimbleby review of food and drink strategy is important, but it has to be practical. From the perspective of being the chair of the Food and Drink Sector Council, which is the place where industry is supposed to come together to make that policy, I really hope we seize that opportunity going forward.

I suppose I can't help going back to my business career, working mostly for Diageo, the world's biggest drinks business. One of the things we would have done with all our customers is have a single point of contact—a single account person responsible for the whole account. That person would have been responsible for arraying the whole of our activity as a company, which would not just have been sales; it would have been support, it would have been about product development, and so on. That person would have had responsibility for dealing with the customer. In this case, that kind of model is one the Government have sort of adopted by force majeure, and it would be useful to continue with it.

Q106 **Mick Whitley:** Good afternoon, Ian and Andrew. Can I just ask how severe the labour supply shortage is in the agri industry as a result of the Covid-19 pandemic, and how it could disrupt local food supply chains?

Ian Wright: Andrew, do you want to go, or do you want me to?

Andrew Opie: You can go, and then I might talk about seasonal workers if you like.

Ian Wright: Well, Mick, neither of us represents farmers, and as you can imagine, even daring to speak for farmers at a Committee like this would probably have us hung up by some unpleasant bit of our bodies, so we won't do that.

What we can say—Andrew is going to speak about seasonal workers, so that is helpful—is that I think the labour supply over the past few weeks has been pretty extraordinary. One of the things I said earlier that I think is important to note is that as I understand it, absence rates in retail, certainly in distribution and absolutely in manufacturing started at about 20%. Those were mostly people who were either self-isolating or looking after relatives, including vulnerable or shielded relatives. Those rates have come right down to about 5% to 8%. It is important to say that almost all my members and all the big companies have very unfortunate examples of

fatalities among their workforce, but those are very small in number and not always to do with the worker contracting the virus at the workplace.

This is not me declaring victory, because I do not know the answer to this. However, it is important that at some point, somebody does some work on understanding whether it is the case that the workplaces we have maintained over the past six weeks—this includes Andrew's colleagues as well—have been places where workers can go safely. It appears that they have been, and that has meant that we have not had mass absence and therefore have not had difficulties in production. More globally, that is not always the case, and I think the two professors talked about that in the first session. There is a challenge, but Andrew can talk about the specific challenge of seasonal workers.

Andrew Opie: Thanks, Ian. Just before that, I would point out that the fact that the social distancing that our members put in place in supermarkets was very much done in discussion with colleagues in stores, who have really been absolute heroes through the whole thing, really reinforced its use in stores and, I think, reduced absence rates. It gave those workers in supermarkets a level of confidence to continue coming into work and serving customers, which is a real testament to it.

In terms of migrant workers, that is obviously a concern. We are going into the main seasonal harvest period. We are flipping over from Spain, Portugal and Italy into British produce. Tomatoes will go basically from 95% imports to the majority being produced here. Soft fruit, again, will flip almost 50% over to the UK, so we need the 80,000 migrant workers who would normally come to the country. I think that is going to be our real challenge.

I know that DEFRA has plans in place and has a campaign running at the moment to get people to come and work on farms and in processing plants, but we really need to keep an eye on that as we go into May and June—the key season, for us, of British produce—to make sure that it continues to come off the farms and on to the supermarket shelves.

Q107 **Mick Whitley:** A supplementary question, if I may: which agri-food products are most at risk from labour shortages?

Andrew Opie: For us, seasonal fruit and vegetables is the obvious one. Interestingly, I think one of the previous speakers spoke about meat production, for example. That was definitely one of our concerns before the incident really got going, and we have been in touch with the FSA throughout the incident. Touch wood, to date we have been okay in terms of workers, inspectors and vets in those plants, because they could be quite crucial if they had a high absence rate, which they have not seen to date; they have managed to keep them going. Obviously, that would be an issue, but really, for us, seasonal fruit and vegetables will be the major thing that we will be looking at.

Ian Wright: May I add two thoughts? First, the problems that we are seeing beginning to emerge on dairy products and beef—and probably

other meats to follow—are all driven by the hospitality issue, not by labour shortages. It is all about where producers have been targeting particular markets, and those markets have disappeared.

The other thing is that I would certainly want—and I think Andrew would want—to give proper credit to our union colleagues, who have been extremely effective partners throughout this. I have to say, in the case of the FDF, we had not given sufficient heed over recent years to our partnership with the union. The fact that we have been able to work very productively with Unite, GMB, the Bakers Union and USDAW has been a huge help through all of this.

Chair: Thank you. I will move to the august chairman of the EFRA Committee, patiently standing by in Tiverton and Honiton, in Devon I think.

Q108 **Neil Parish:** Thank you, Angus. Ian, I will make sure that I do not send farmers around to sort you out, so don't worry. Before I ask my question, I am glad that DEFRA has stepped up to the plate. There is a problem with carcass balance, especially on beef. Because of the restaurant sector, we are not selling as many steaks and joints, and of course much more mince, so I think that there is work to be done there. I think the dairy sector is beginning to balance.

Q109 One of the questions that I want to throw at you—it is probably a supplementary to the previous questions—is that we have relaxed competition rules. I am happy with that at the moment, but I do not want you all to get too cosy in the future, so how do you pull out? It is right in a crisis to waive competition rules, but in a minute we are going to have to reimpose them. How do you see that happening?

Andrew Opie: That is a really good question. It is time limited. As you probably know, the statutory instrument can be revoked at some point by the Secretary of State. We do not have a problem with that, because actually we respect competition law. For us, ironically, it was not the biggest piece of legislation that made the difference through the real peak of the crisis. The biggest thing that made a difference was changing delivery curfew hours so that we could deliver more frequently to stores at different times, and extending drivers' hours. It was all around distribution.

I absolutely hear you on the competition law, but I am quite confident that the Government will look to rescind those powers. I remember they were very sharply drawn up as well, so they were not carte blanche for us to breach competition law. They were very specific on things such as discussions around changing the ranges and focusing on the products that were most in demand for consumers to increase production at Ian's members' factories, so they were for a specific purpose. But I have no doubt they will be rescinded at some point.

Ian Wright: And I think there was also some data that allowed DEFRA to make some key decisions and make some interventions. From our point of view, we would agree completely—with you and with Andrew—but we

believe very strongly in competition. It is probably more in the interests of manufacturers that competition law returns, and these changes in law all have sunset clauses.

The one thing I would say, however—and this is perhaps not my normal territory—is that I think there is a question to be asked not just about each regulation that has been paused or relaxed, but about this: when should it be reintroduced and should it be reintroduced? Assuming the latter is yes, when it should be reintroduced is not going to be a single cut-off—a switch is not going to be thrown. It is going to need to be done sector by sector, possibly even subsector by subsector, to take account, for example, of the dairy issue or the beef issue. And it is going to need to be done very sensitively in order that we do not, on the way out of this massive crisis, cause more problems than we have experienced on the way in. I think that is something that is not naturally what would happen, but I think we do need to take account of it.

Q110 **Neil Parish:** Thank you both for those answers. Ian, on those regulations, I do not know whether we will have time to look at it, but whether we do need to reintroduce every one is an interesting point that you make and something I will bear in mind. My Select Committee will be looking into the availability of labour, especially for fruit picking and vegetable picking, so I assure you that we have that one in our sights.

Q111 Angus, I will now get to my actual question—

Chair: I was enjoying the commercial for the EFRA Select Committee.

Q112 **Neil Parish:** Okay; sorry about that. With labour, it is not a case of only having enough labour in this country to process. Are you confident that you will be able to import in the future, and given the labour effects across those that you are importing from, are they going to be infected further by Covid-19 or is there going to be an effect long term on the amount of labour they have to export to us?

Andrew Opie: I think that was the point I raised earlier. The one thing that we were pleasantly surprised about was the lack of impact on production in places like Spain in particular, Portugal and Morocco—countries that we do import a lot of fruit and vegetables from through the winter period. They were not actually affected by that, so that was actually really positive for us. We have no reason to believe that is going to change in the future.

Neil Parish: Thank you.

Chair: Is that because where the product was coming from in Spain was a more rural area and less effected by Covid? Covid seems to have hit capital cities and commercial centres harder than agricultural areas. I am shooting in the dark here.

Neil Parish: It is a good point, Angus.

Chair: Okay. We are not certain, but it is something that we can look into, or somebody watching might have a better answer to that. I will move on

to Mark Menzies, waiting patiently in Fylde in Lancashire.

Q113 **Mark Menzies:** I just have a quick one, which is really for Ian Wright. What impact, if any, have international border closures had on UK imports and exports of agri-food products? I am particularly interested in the exports, thinking of some of the great products for export—whisky, for example, or salmon and so on. What are the issues that you are starting to detect?

Ian Wright: I think it is less border closures so far than the actual shutdown of the markets that they are serving, and that is largely to do with hospitality shutting first of all in China and then the wave coming, effectively, west. I do not think actual border closures have necessarily been the problem; it is the market closure that has really got us. As I think we all said, we have been very pleasantly surprised by the fact that product has moved freely in and out of a range of different countries.

One kind of constraint on that has been that because food and drink has been, by and large, the only big industry open fully anywhere in Europe and in wider parts of the world, lorries taking or bringing product do not have their return or out journey full. Normally the transport would have one completely different category in the back of it and then bring food back. When that does not happen, the economics of the business go west, and it is really difficult for transport to continue. I think that is a long-term impact. When the crisis goes, I think we will see that a lot of transport operators have gone under as a consequence of all this.

I am sorry to parachute on your answer, but the one other thing just now is an issue that Professor Doherty, I think, raised in the first session, which is important. That is the question of what happens to workforces in the emerging world or the developing world. There is a bit of a question about that. We do not yet know the impact of this virus on countries such as South Africa, Nigeria, Kenya or, to a degree, India. I think we should reserve judgment on the impact on those labour forces until we see the long-term results.

Mark Menzies: That is really useful. Thanks ever so much.

Q114 **Martin Vickers:** We have already touched on trade routes, the supply chain and so on. Reference has already been made to congestion at Felixstowe and Dover. May I ask both witnesses to bring together their thoughts on how effectively the primary trade food routes have operated during the crisis, given the congestion that has been mentioned at Felixstowe and Dover? As an add-on for my constituency, since I represent Immingham on the east coast, I just say that Immingham is open for more business.

Chair: Shameless, but well done.

Andrew Opie: Ian can start, because his members are probably importing more through Immingham than we are.

Ian Wright: Of course, I failed to come properly briefed to big up Immingham, and I apologise for that, Martin. I think the UK ports have worked extremely well. I think the one area that has been a bit clunky is the move from paper documentation to digital documentation. Somebody asked earlier about the lessons of the crisis. One of the big lessons of this crisis seems to me to be—it is a bit of an irony with your voting snafu just now—that we have to move to digital. We have to be much more conscious of the competence of the digital platform. It gives us so many options.

In a world where for a long time people will be more reluctant to travel until they are convinced that they are safe, the digital option is a fantastic safety valve. When we are talking about ports and documentation, that is important. I also think that the processes need to be driven around the digital concept, rather than the digital stuff being lumped on top and saying, "Let's see if it will work." I think that actually happened quite quickly. I would like us to go further as we go forward.

Incidentally, I also think that we should reflect on the fact that all those people who are working in the ports are also on the frontline, because they have to go to work. If the vets are not in the ports or the people handling the containers are not in the ports, we cannot move our products. Just as much as our workers are hidden heroes, so are they.

Andrew Opie: I have just a couple of points to add. I agree with Ian that the ports have worked really well through Covid-19, particularly across the short straits. I should say that we should give some credit to the Government for the support they offered for ferry companies at the right time, both on the Dover-Calais route, but particularly in our case between GB and Northern Ireland. We ship a lot of product from GB to Northern Ireland stores, and the problems with the ferries there were causing us concern at the time. The Government reacted, stepped in and gave it support, which was great.

Finally—somebody has already talked about the exit strategy from this—one of the issues I have seen raised is that, as we exit Covid and perhaps want to protect our borders, we must make sure that does not impact too much on imports. We need to bear in mind that checks on drivers, for example, and potential quarantine on either planes or people coming in, could have an impact on our imports as well. Other than that, the ports have operated really well.

Chair: Thank you. I turn now to Robert Courts, who I can see is standing by and his mic is ready, which is good.

Q115 **Robert Courts:** Thank you, Chair. Ian, how have the increasing freight costs, but the reduced capacity, affected importers and exporters of agri-food in the UK?

Ian Wright: That is going to be a big issue going forward. It has been balanced by the collapse in the oil price, of course. If I may take the opportunity to speak more generally about pricing, people have asked,

"Why is it as it is?" It is all over the place because there are all sorts of different inputs going in different directions. Freight costs have gone up, and that is a concern. So too is freight availability, because if the driver cannot afford to go, they sometimes do not. Drivers themselves have been incredibly willing to work—absence rates among drivers are around 3%, 4% or 5%, which is extraordinary—but the costs are a problem, and the problem will go on for quite a long time. Until the rest of industry is in full production, those lorries will still be going around literally half full. That is a big concern, but it is difficult to disaggregate because of the oil price collapse that has gone on at the same time.

Q116 **Robert Courts:** Is there anything that the Department for International Trade can do to help importers and exporters secure access to affordable transport?

Ian Wright: That's a good question. Andrew, do you have any views on that? I am not sure that I am competent to answer.

Andrew Opie: No, I don't.

Robert Courts: It was such a good question that there is no answer.

Andrew Opie: Well, we don't tend to have the export issue that Ian has.

Ian Wright: That is his clever way of saying that I should know the answer. Let me take that under advisement and write to you and to our distinguished Chair to give you an answer on that. It is a really good question. I should know the answer, but I don't.

Robert Courts: Thank you. We would all be keen to hear the answer to that if you could offer us any suggestions.

Q117 **Chair:** Well done—the prize for the most probing question of the day goes to the hon. Member for Witney. We are coming to the end quite nicely; we have about three minutes to go. I appreciate the witnesses' hanging on a little longer; I hope you did not have other commitments. I am thankful to you for doing that.

Q118 There is one small question I have to ask. Borders have been closed; we have had a border, in effect, coming into the Scottish islands, and there has been a border between Denmark and Germany. Those borders that have been closing between European states and within them—in Scotland or wherever—have been there to impede the movement of people who might be carrying the virus, obviously. Have those border measures—they are also between Northern Ireland and the Republic—had any impact on the movement of your goods?

Andrew Opie: No, not really. You are probably aware that the French introduced a new attestation about three or four weeks ago that lorry drivers had to carry with them and was checked. Temperature checks have been applied to drivers at borders, including in Germany, for example. We have found they have added hours rather than had such a significant difference that they have pushed them back a day. One of the previous speakers mentioned just-in-time and the fact that fresh produce

generally needs to move. We have noticed it, but not to an extent that it is having an impact on goods on the shelves.

Ian Wright: I agree with that. Again, this has been a testament not just to the resilience of the system but to the redoubtable nature of some of the drivers, who have stuck with it when they have had long waits at different border posts.

I missed one answer to Mark Garnier's question. I said single point of contact. The one issue that has fallen between the different posts is those who do not have access to food—the 2 million people who get their food through food banks and organisations such as FareShare. We don't have a Minister for hunger, and actually I think that is something we should think about, because it is no single Department's responsibility and we have all been trying to deal with it, and none of us has succeeded properly.

Chair: That is an absolutely cracking point, I think, on which to end this afternoon's session. I think we learned an awful lot there. We learned from Ireland when the schools closed; we learned that Austrian consumers were much like UK consumers. There is a warning, here, for a January cliff-edge; there is the point when relations might be relaxed—and they shouldn't all be switched together, but they should be thought through—and what shocks they might cause. The final point there—a brilliant point, as I would expect from my old friend Mr Wright—was on the Minister for hunger. If that, alone, comes from today's session that would be, I think, personally, worthwhile.

Colleagues and witnesses, can I thank you all for your patience, kindness and consideration of me and each other, again, today. You have made this work very well. On that happy note I wish you all good afternoon. Have a great weekend, when it comes.