

# Northern Ireland Affairs Committee

## Oral evidence: Australia, New Zealand free trade agreements: effect on NI, HC 950

Wednesday 26 January 2022

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Members present: Simon Hoare (Chair); Mr Gregory Campbell; Stephen Farry; Sir Robert Goodwill; Claire Hanna; Fay Jones; Ian Paisley; Bob Stewart.

Questions 1 - 20

### Witnesses

Panel [I](#): Victor Chestnutt, President, Ulster Farmers' Union; Michael Bell, Executive Director, Northern Ireland Food and Drink Association; Ian Stevenson, CEO, Livestock and Meat Commission for Northern Ireland.



## Examination of witnesses

Witnesses: Victor Chestnutt, Michael Bell and Ian Stevenson.

Q1 **Chair:** Good morning, colleagues, and good morning, gentlemen. Welcome to this session. This morning we are going to be looking at the proposed Australia and New Zealand free trade agreements. Gentlemen, as you know, we are under some time pressure this morning, so we will aim to cover as much ground as we can as speedily as possible. Can I give the thanks of the whole of the Committee for joining us this morning?

Before we turn to questions, it would be remiss of me not to note that one of our colleagues, Mary Kelly Foy, lost her mother a few days ago. She is obviously not here this morning, and I know all Committee members will join me in sending her our condolences and prayers. May her mother rest in peace.

Gentlemen, what is your assessment of the differential in animal husbandry standards between both parties to these agreements and the impact of this on the cost to meat consumers? Could you also turn your thoughts to what, if any, headroom there is for growth in the Northern Irish lamb and beef production sectors?

**Victor Chestnutt:** Good morning and thanks for the opportunity to participate in this session. Number one is the size of our country. Journey times are a lot different. There is the size of our farms. Our animals are treated as individuals, whereas, in some of these other countries, it is massive feedlots, so there is quite a difference.

On the question of whether there is headroom to produce more in Northern Ireland, we are facing climate Bills in Northern Ireland that our Assembly is debating as we speak. There are two Bills on the Floor of the House, one of which, the private Member's Bill, had no assessment, according to KPMG. KPMG said that it would wipe out 86% of Northern Ireland livestock. We are facing a situation where we are struggling to get our MLAs to follow the Climate Change Committee's recommendations. They are made to enable the UK to get to net zero by 2050, but in Northern Ireland it has been recognised—because we produce enough to feed 10 million people—that the climate probably will put a restriction on increasing the output from our industry.

**Chair:** Michael, do you have any thoughts on that?

**Michael Bell:** There are short-term, medium-term and long-term views on this. If I take the short term first, we have a labour shortage crisis in the industry. That is our single biggest problem. We cannot get enough labour to satisfy our customers with the workload that we have today. We then have a capital investment problem. Indeed, this was highlighted by the Kendall report, which was published last night. Northern Ireland is the only part of the UK where there is not a capital support scheme for agrifood. It exists everywhere else. Those are the short-term issues.



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Victor has pointed to the longer-term issues very clearly. We are concerned about the deals that have tapers. Some tapers are extremely short, for example four years for apples. The longer-term tapers, such as beef, are documented as 16 years. However, because the deals are structured the way they are, we are left to rely on anti-dumping in terms of goods coming to us and the robustness of those anti-dumping measures.

Finally from me, we have the dilemma of food miles—exporting to the other side of the planet and importing from the other side of the planet—given that we have one part of Government speaking clearly on that and another part of Government encouraging global trade.

**Ian Stevenson:** Not wanting to repeat what has already been covered, in terms of the standards piece, when it comes to international trade, we here in Northern Ireland are very familiar with trading on international markets. We export quite a bit of our product outside the UK, and most exporting nations will comply with the relevant standards of the nations with which they trade. No doubt, Australia and New Zealand will seek to do that as well, as part of any international trade that they intend to continue or grow with the UK.

Where we are in Northern Ireland, our relative production standards would tend to go way beyond those necessarily required for basic international trade. We have some world-leading standards in terms of quality assurance and our Food Fortress, which gives us one of the safest feed supply chains in the world. One of the concerns we have with regard to standards is that we do not find ourselves in a race to the bottom and that some of the world-leading standards that we have do not get eroded.

**Chair:** We will come on to the standards issue directly.

**Ian Stevenson:** In relation to the impact on consumers, I expect that is something we will come on to later as well. That is one of the concerns we have in relation to the sheer scale of the potential impact. I know some of the aspects of the 10 key benefits that are outlined by DIT in terms of both deals do not necessarily mention the value to the UK food and drink industry of these trade deals. Also, it mentions the potential for consumers in the UK to get products cheaper than they may have done hitherto. That certainly causes us concern.

In terms of the headroom to grow our sector, certainly that is something that we are all very focused on at the moment. Victor rightly mentioned climate change as being one of the key challenging points that our industry is facing at the moment. There is a whole plethora of challenges and opportunities that we are trying to wrangle with at the minute in relation to Brexit, but also around new agricultural policy and some of the ramifications of that—how that manifests itself. From a Northern Irish context, we supply enough food to feed 10 million people, relative to our population of 1.7 million, so we have significant headroom and want to



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maintain that headroom, in terms of our potential to supply that market with raw material, which is largely on our doorstep, in the UK and western Europe.

**Q2 Chair:** A nod or shake of the head from the three of you will suffice. Would I be right to presume that there is some disappointment that the climate change issue that has been mentioned is, effectively, ducked in the FTA? I see what I would describe as three vehement nods from our witnesses.

Victor, this is probably a question directed to you as a producer. Anecdotally, the response could be, as we understand it, that the UK's farming unions have wondered why we have signed up to what we have signed up to. The Australians and the New Zealanders are wondering exactly the same thing, because it is so beneficial to them and less beneficial to our producers. Could you say a word or two about what the response has been from your counterparts, as you understand it, in Australia and New Zealand towards this FTA?

**Victor Chestnutt:** I suppose delight, if not disbelief, that all their lucky stars fell at once—that we just seemed to be so mad to rush off and leave Europe that we wanted a trade deal at all costs. Yes, the fact will be put up to us that New Zealand does not fill its quota for lamb at the minute, but it was asking for wide open doors and it got that. You have to ask why it was asking for that.

The reason for that is that trade is good and easy at the minute, so it is not affecting us at the minute too badly. If that changes, as it does from time to time, our doors are flung wide open. Ultimately, this may be good for consumers in the short term, in that it could drive down the price of some food. In the long term, we lose food security. We lose the local provenance of our food. In the long term, it will be bad for consumers in the UK.

We need to do this with a balanced approach. You are exactly right on the question you got us to nod to. It gives us no confidence at all when, within that document, it talked about the UK leading and using its presidency at the UK COP26 to push for ambitious international action on climate change, and yet we all strive and run ahead to do a trade deal with a country that did not even feel it was worth its while to attend COP26. We are very concerned about that.

**Q3 Ian Paisley:** I have a very brief one to Mr Stevenson and Mr Bell. Could they confirm that the private Member's Bill on climate change will proportionately do significantly more harm to the agrifood sector in Northern Ireland than anything contemplated by the FTA or its impact?

**Ian Stevenson:** In terms of the private Member's Bill, certainly all my colleagues on the call here will have been very concerned about the aspects of the private Member's Bill, to the extent that there had been no independent economic impact assessment of that private Member's Bill before it appeared with your colleagues in the Assembly.



Through working with my colleagues on the call here and other stakeholders, we commissioned KPMG to do an independent economic impact assessment of that. The outworkings of that are very stark. We could be facing an 86% reduction in livestock numbers in the cattle and sheep sectors in Northern Ireland, which is 25% of our industry's output, which is the sector I work in. That gives you the sense of starkness of the consequences of that Bill.

**Q4 Ian Paisley:** Any impact of the FTA, any downside in the FTA, could pale into absolute total insignificance as a result of that Bill.

**Ian Stevenson:** I suspect that you are correct in that analysis. At least in an FTA, yes, you are facing more competition from international players, but through the climate change private Member's Bill you would almost have to wipe out profitable businesses to achieve the targets that are being set.

It is not even a case of being competitive. It is basically saying that, even if you are a competitive business, you can no longer operate, because there is not the headroom for you to operate. That is effectively what the private Member's Bill does. It basically destroys good businesses. It is a very alarming piece of legislation if it happens to get its way through the Assembly. It is something that I think my colleagues on the call would probably agree with me on.

**Michael Bell:** I agree with my colleague. Again referring to the Kendall report from last night, there is no question that the environment is an issue we need to address, but we need to address it sensibly, in a measured way and with investment to reach new targets. The alternative Bill is the way to go. I completely agree.

The last thing I would say is that the damage for Northern Ireland is of a scale never seen before. A quarter of our entire private sector is predicated on agrifood. It is 113,000 jobs and the core of that is the farming sector.

**Q5 Chair:** That puts it into sharp relief. With a one-word answer—it is either "confident" or "not confident"—what is your confidence or otherwise, please, in the anti-dumping rules that currently prevail?

**Victor Chestnutt:** Not confident.

**Ian Stevenson:** I would agree.

**Michael Bell:** They are not tested, and on that basis I am not confident.

**Q6 Chair:** That is helpful. Victor, I am going to ask you a very quick question. There appears to be a trend, where breeds allow for it to happen, of sheep farmers moving to, effectively, year-round production—either lambing in the spring or lambing in the late summer/early autumn. Is that a trend that you are seeing in Northern Ireland? Do you expect it to grow?



**Victor Chestnutt:** We have not seen that trend in Northern Ireland, but we have a situation in Northern Ireland where 75% of our ground is in LFAs, and they tend to lamb later in the spring. While some lowland flocks will lamb January/February, the hill flocks will lamb April/May. That means that, with all those lambs that are maybe slower performing, production carries on in a fairly even scenario throughout the year. There is a shortfall, probably, in March, April and May, but that is the height of it. Ian will be better placed to answer the one on numbers and supply.

**Chair:** Mr Stevenson, the ball has been passed to you by Victor. What is your quick overview on that?

**Ian Stevenson:** In terms of supply throughout the year, there is often this misconception that product maybe is not available throughout the year. That would not be the case. There are more peaks and troughs in supply, but we are seeing more of a supply of product fit to supply the market all year round. That is the norm in all sectors now. We are seeing that.

Q7 **Fay Jones:** Good morning. I wanted to ask about the practicalities and the engagement that the Government took towards you and your sectors as they negotiated the free trade agreement. I wondered if you would talk about the consultation that the Government engaged in with you.

**Michael Bell:** The consultation took place in December 2018 and January 2019, at the worst possible time for the industry. The UK did not have power to negotiate a trade agreement and there was no certainty on the outcomes with the EU at that moment in time. For us, as an industry, that was our number one concern. The levels of responses from industry were minimal and the concern has always been that the negotiated deal was based on limited insight from UK industry.

The deal with Australia was negotiated in the midst of a pandemic, post Brexit, and market realities have changed significantly because of this, in comparison to when they undertook the consultation. Government prioritised a fast deal with these markets, we can only surmise, alongside the renegotiated deal with Japan, as part of their strategy to secure entry to CPTPP as the overarching aim. In the interests of brevity, I will stop there.

**Victor Chestnutt:** I sat on the Trade and Agriculture Commission. Yes, we engaged through that with industry in Northern Ireland. The trade advisory groups were supposed to help negotiators. It is quite telling that the first they heard of this trade deal was when it appeared in the press. I do not think you can say that the engagement was up to standard in that instance. The Trade and Agriculture Commission did a lot of work. We had a lot of meetings. We had varying news and ended up with a compromise document thrashed out between us, presented to Government in March, and the response came in October. Meanwhile, these other trade deals had been agreed in principle. We were concerned that not enough credence was given to this document from the Trade and



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Agriculture Commission, which took so much time and effort to get the balance that we thought was in there.

**Fay Jones:** Mr Stevenson, did you have anything to add?

**Ian Stevenson:** I do not have a lot to add, other than, as Victor has rightly said, in terms of the industry representatives that contributed to the Trade and Agriculture Commission and the various subgroups from that, there were some very professional people who could represent our industry very well within those.

One challenge from that—and certainly it was a criticism that I had heard back from some of the people involved—was that people participating in that from the UK side were signing non-disclosure agreements and keeping what is quite sensitive information protected within that, but there were concerns expressed to me that some of that information was publicly available in Australia and New Zealand—some of the key aspects that were not necessarily being communicated back home but were in the international arena. That was a frustration that was communicated back to me in terms of how some of those committees operated.

Q8 **Fay Jones:** Do you have evidence of that, or is that anecdotal?

**Ian Stevenson:** It is based on feedback from participants in that group. I was not involved in the group, so I cannot comment in that regard. In terms of being fully transparent and open with regard to the sensitivities of some of the key discussion points, it is important that there are adequate means of consulting with industry colleagues, but protecting the sensitivity of that information is critically important as well.

Q9 **Fay Jones:** I have a further quick question. To what extent do you think the UK Government have prioritised the interests of Northern Ireland food and agriculture in the construction of both trade deals that we are talking about this morning?

**Ian Stevenson:** Our Agriculture Minister, Edwin Poots, quite publicly acknowledged correspondence he had with George Eustice with regard to his concerns about the Australian deal in particular, and the protection of domestic producers in Northern Ireland after full liberalisation and the potential impact of that, such as potentially displacing Northern Ireland's position in the UK market by opening up that market to much more competitive pressures. There are concerns that have been raised within Northern Ireland by our own Agriculture Minister.

Q10 **Mr Campbell:** People who were not following the whole issue of the current private Member's Bill in the Assembly will be alarmed at what Mr Bell said could be the potential implications. Perhaps what Mr Bell has told us today might hopefully have some effect. On the Northern Ireland Assembly and its working and approach to the free trade agreements, how do all three of you think the Assembly has responded with regard to the actual trade negotiations that were leading up to the FTAs and since, in terms of its representation of your sector? Can you give it to us from



your different perspectives?

**Victor Chestnutt:** Good morning, Gregory. You mentioned the private Member's Bill. There are three figures I want to bring to you first. Beef and sheep farms operating on less productive land could see a decrease in farm numbers of 98%—14,800 farms ceasing to operate. Beef and sheep farms operating in the lowlands could face a fall in numbers of 79%, with 4,100 farms ceasing to operate. The dairy sector could see a decrease of 86% in a number of farms; 2,250 farms would cease operations. Given a context of 24,000 farms in Northern Ireland, that would take over 19,000 of them out of production. Those are not my figures. Those are the independent figures compiled by KPMG. That is why we are so concerned.

To go on, on how the Northern Ireland Assembly responded, I cannot for the life of me see why the Green party, in proposing this Bill, kept so quiet when trade deals were done with a country that, as I said before, did not attend COP26. Western European red meat and dairy production is at 52% of the world average. If we wipe out our production here and import it from somewhere else in the world, we will make that problem far worse.

South America—Brazil—said that it was going to stop deforestation by 2045. There was not a squeak out of the Northern Ireland Assembly. If I had a farm and half of it was covered in trees, and I was of a mind to get rid of the trees and said, "I am going to stop cutting trees in 2045", I would be laughed out of court, because I would have every tree cut that I needed to cut in that time. Yet the Northern Ireland Assembly never blinked an eyelid. We are disappointed.

**Chair:** Victor, I do not want to get too bogged down in the private Member's Bill. The points have been made on it. We are looking at the FTAs and time is tight.

Q11 **Mr Campbell:** I would like to hear from Mr Stevenson and Mr Bell on how they think the devolved legislature has operated in terms of the FTAs, very briefly. It can be a one-sentence answer possibly, if you can.

**Chair:** "Good", "bad" or "indifferent" would suffice.

**Michael Bell:** Minister Poots' comments are in the public domain and we are broadly in agreement with them. I would underline Victor's comments with the first three sentences from the summary of the Kendall report, published last night, which read as follows: "In many respects, Northern Ireland's agri-food sector has a seriously impressive story to tell. From a modest land base of around a million hectares, 70% of which is classified as less favoured area, it produces enough food for more than five times its own population. 77% of its produce is consumed beyond its borders".

If I contrast that with the UK as a whole, where 60% of food is imported, there is a general paucity of understanding of the position of Northern Ireland vis-à-vis the UK national position when it comes to food and



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drink. That is my rather long way of emphasising the significance and sensitivity of this issue.

**Q12 Ian Paisley:** I buy all of that, gentlemen, but it is only fair that the point is made that Northern Ireland brings in £1.4 billion of food products from the EU alone every year to feed its Northern Ireland population. What do you say to those who say that divergence away from that—bringing in an additional product line from Australia, New Zealand or other FTA deals done with other countries—is only going to eat into what we are already importing into Northern Ireland?

For example, Australia only exports food and drink into Northern Ireland to the value of £3.2 million every year. Compared to what the EU does, it is nothing. I expect a large amount of that is Australian wines. New Zealand does something similar, £6.6 million a year. I get the scepticism and the concerns, but is it right to be that fearful, given what we bring in from the EU each year?

**Michael Bell:** We are not anti-free trade, not in the slightest, but we need a level playing field. As an industry, we need environmental Bills and policies that we can work with. We need investment to allow us to achieve those new targets and capital support at least on an equivalent basis with our competitive other UK member nations and our nearest competitor, ROI. We need a labour supply to be able to deliver that. Given a level playing field, fine, but we are not on that level playing field at the minute.

**Chair:** That is a regulatory level playing field that you are talking about.

**Michael Bell:** Yes. If we are going to produce food to what I would argue are some of the highest quality standards in the world—my colleague already referred to Food Fortress—we have to be able to do that on a level playing field.

**Q13 Claire Hanna:** Hi, folks. We wanted to pick up on some of that discussion we have been having, your thoughts about the protocol and the way it will affect how Northern Ireland interacts with the agreements. We have discussed the fact that it is not a given that Australia and New Zealand would use their full tariff-free quota for exports such as sheep meat and beef. What impact would it have on producers if the full quota was used?

**Ian Stevenson:** If we take Australia, in terms of the scale of industry there, as you rightly said, at the moment there are not significant, huge volumes of beef coming from Australia into the UK market. This deal potentially opens up that avenue. Just take the Northern Ireland beef industry alone. Here in Northern Ireland, we slaughter about 450,000 cattle a year and produce roughly 175,000 tonnes of beef.

If you look at the scale of the deal that has been agreed, there is potential for that entire industry to be displaced in the market if the full volume of trade was to be taken up over time, as we move towards trade



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liberalisation. That is the potential scale of this. I am not saying that that will happen. Japan and the USA are the main destinations for Australian beef just now, but things can change. Market forces can change.

One big area that concerns us within the UK is not necessarily the fresh chilled meat supply, because that will probably continue to come from near neighbours and, hopefully, Northern Ireland will continue to be a key supplier of that fresh chilled market. The food service sector in the UK could be a major source of outlets for higher volumes of imported products. That could displace Irish product from the market, for example. Then that has to find another home. All these things have consequences and knock-on consequences.

**Claire Hanna:** They sure do. Victor, do you have anything to add on to that?

**Victor Chestnutt:** There is that ability to flood the GB market, which is our main market for our produce. Again, short term that may be of benefit to the consumer, but long term you lose that food security. We see what has happened with our energy when we started to depend on other countries. It is incumbent on any country to make sure that their food security does not go down below a critical level. We also lose that local provenance of food. Sorry for coming back to the climate, but it makes that problem far worse if we import more of the food that we consume.

Q14 **Claire Hanna:** EU tariffs on agricultural products might be higher than those under the new FTAs. Direct imports deemed at risk will not be able to enter Northern Ireland tariff-free. Do you expect that to have any impact on Northern Ireland producers, Michael?

**Michael Bell:** It is really hard to answer. We have so many moving parts at the minute. If I take a helicopter view of the protocol, we have six major issues in agrifood at the minute. I am going to use acronyms. If people need more on this, we can supply it later. There is SPS/P&R, customs and data, tariffs and TRQs, dispute resolution mechanism, the sheer cost of it all and divergence. We have all those issues to figure out at the minute, and then we have these deals' impact to try to analyse. I am not trying to avoid the question, but I am trying to say that we have so many moving parts that it is difficult to give a definitive answer.

**Claire Hanna:** We are not here to discuss the Climate Change Bill in the Assembly.

**Chair:** No, we are not.

**Ian Paisley:** We have done that.

**Claire Hanna:** Under the Climate Change—

**Chair:** No, we are not here to discuss the Climate Change Bill.



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**Claire Hanna:** Okay. I was trying to find a way to relate them, but I am sure we will pick up again.

**Chair:** We have done that and, as somebody has reminded me, this is not within scope. Have you finished your questions, Claire?

**Claire Hanna:** I have not. I did not get the same latitude as my colleagues, but I am happy to hand over.

**Chair:** I do not want to have a debate on the Climate Change Bill, which is not part of the free trade agreement.

**Claire Hanna:** That is fine. Thank you.

Q15 **Bob Stewart:** Good morning, gentlemen. It is very nice to see you—to see you rather than be with you, unfortunately. We are quite pressed for time and my questions are all about the impact assessment, so I am going to bundle them together. Let us start with DIT's impact assessment. How useful do you think it was that it did not actually refer to the protocol? Do you agree that a free trade agreement between the UK and Australia will have a positive impact in Northern Ireland? Have the Government explained to you why their impact assessment methodology was changed? We do not need to spend too much time on that. Finally, which specific agricultural sectors do you expect to be most attracted by the free trade agreement?

I am sorry it is a series of questions, but I know the Chair is anxious to get on. Therefore, let us take it in bits. I will ask each of you in turn, but can you keep it as tight as you can?

**Michael Bell:** I am not sure that I was able to capture all of the questions as you went, but I will do my best. We were not involved with DIT directly, either in its first assessment or in its revised assessment. That is the answer to that.

In terms of the impact of what it might do, I refer to my earlier comments. There are too many moving parts. It is difficult to know and in fact there are a lot of trade statistics at the minute that show an enormous amount of turbulence in food volumes, food directions and food trade in general. It is very difficult to give you a definitive answer on that.

What might the FTA's impact be in terms of sectors? The answer is the most profitable ones. That would strike me as being entirely logical. A comment has been made that dumping is the major threat out of these agreements. Dumping will be determined by when the country is sitting with a massive surplus that it cannot sell to anybody else at a price and suddenly the UK looks very attractive. That is why I referred to my earlier comments. The validity of the anti-dumping mechanics, which are our only safeguard, has yet to be proven.

**Bob Stewart:** Mr Stevenson, can you add to that? You do not need to



repeat it, of course.

**Ian Stevenson:** In terms of the usefulness of the impact assessment, when you look at some of the issues within it, there are a number of concerns that would come across my way in terms of agriculture. It is summarised in the DIT assessment for Australia that it envisages a reduction in primary agriculture of £94 million and semi-processed foods by £225 million, with resources moving from those sectors to others where returns are likely to be higher. To me, that gives me immediate concerns that there is going to be a recognised impact of these deals, in terms of potential displacement and erosion of competitiveness of our industry within our home market. That causes me some concerns.

In terms of the impact in Northern Ireland, as has already been said today, we are a major element of the UK's food security. That has been recognised by the UK Climate Change Committee. I do not want to invoke the climate again, but it is one of the key discussion points at the moment around the future shape and structure of Northern Ireland agriculture and where we should focus our efforts.

Like Michael, I do not have a huge amount to say in terms of their changing of the methodology. I will make a final point. In terms of sectors to be most impacted by FTAs, we are a trading nation ourselves, particularly in the red meat business. The red meat business is, effectively, a disassembly business. You break down a carcass into all of its component parts and try to sell those component parts to the highest paying markets possible.

If the UK market looks more attractive for certain components, it is likely to attract more trade in that direction. That is how trade works. You try to get the maximum possible revenue for every component of that carcass that can be sold, wherever that might be in the world. As I say, the fresh chilled market is on our doorstep in the UK. We export components to different parts of the world. We send feet to Ghana and tongues to Japan. There are various elements of the carcass that attract higher markets in certain parts of the world. That is how trade works. If the UK looks attractive for certain cuts, that can attract trade in the future.

**Victor Chestnutt:** I want to agree with a lot of my colleagues on that. The specific agri-sectors that we would see being affected by these trade deals, as Ian said there, would be the red meat sector and, with the New Zealand trade deal, if it gets ratified, the sheep and dairy sectors. Because of our ability to grow grass, we tend to be a grassland-based system. Those are our main products. Anything that comes into the UK to weaken our main marketplace would be a concern of ours.

Also, Claire mentioned, and maybe it was not picked up a bit, the protocol. The protocol was sold to Northern Ireland as giving us the best of both worlds, but the fact is that our produce cannot be sold on an EU trade deal, so we are limited to UK trade deals. In the case of divergence,



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our products will be a slightly different standard than those of the UK. Does that freeze us out of the UK trade deals or leave us at a production price disadvantage with the UK?

We are concerned that we could be left in no man's land, as we are in some instances of—and I am going into protocol stuff—plant protection products, animal medicines and that, where the EU authorisation does not cover us, nor the UK. That is a concern going forward—that we cannot access both EU and UK free trade deals or trade deals.

**Q16 Stephen Farry:** I am going to resist getting sucked into climate, but just to say to all three of you that I am happy to discuss privately issues around the climate Bills in another forum. For now, I wanted to focus on the issues of food standards and animal welfare. There are probably just two broad questions to put to all three of you in that regard. The first question relates to the chapters regarding animal welfare and antimicrobial resistance in both of the free trade agreements, and seeking your views on that and any concerns you have arising from that.

The second one relates to SPS rules and your comments on that angle in the trade deals. I suppose that you can look at that in two different ways. To what extent does Northern Ireland's potential desire to stay aligned to the European Union SPS rules complicate our future relationship with Australia and New Zealand? Looking at it from a different perspective, to what extent does the approach that the UK Government have taken to SPS in those deals, in terms of a lighter-touch approach to SPS, constrain our ability to do an SPS deal with the European Union, which may well be a bigger priority, in terms of export markets for Northern Ireland, given the EU is still by far our largest export market?

**Michael Bell:** Thank you for the question. That is, again, a very difficult set of questions to give definitive answers to. The first comment I would make is that there are about 30 recognised food standards globally, so there is a huge disparity in them. Interestingly, Australia and New Zealand have a dual mandated FSA, which covers both countries. It is one of the unique set-ups in the world.

AMR is something that we, as an industry, are working very hard on and making progress on. That is not something that we can easily communicate with the consumer. The fear then is that the consumer is presented with two different products on the shelf at two different price points, without knowledge of the integrity platform that has gone into making that product, which leads to the price differential. That is a real issue going forward.

The other comment I would make is that there is not yet widespread recognition that the UK has become a dual food standards marketplace. In GB, food will be made to UK standards. In Northern Ireland, food will be made to EU standards and has a frictionless right to be placed on the GB market, ergo there are now two standards operating in GB. That has significant impacts for the GB industry as well as the Northern Ireland



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industry, a point I have been making to regulators and politicians for quite a number of years now.

**Victor Chestnutt:** We need that climate change discussion with you and your party sooner rather than later after last night's developments. Anyhow, that is another issue.

You mentioned antimicrobials. We are part of the UK's RUMA—Responsible Use of Medicines in Agriculture Alliance. We have come a long way and we see this being undermined somewhat by some of these trade deals. I am going to take it right back to basics and farm gate. We can draw analogies from covid. What did we do? We reduced crowds. In Northern Ireland, our average farm would have probably around 100 animals. We have just a handful with over 1,000 animals. In Australia, I am told that 40,000 to 50,000 feedlots is not uncommon. It goes with the scale that you need more antibiotics to keep a system like that going than you do in the smaller systems.

We have more individual care of animals and less antibiotic use. We have banned feeding any antibiotics for blanket causes. Years ago, it used to be the norm that, if you had a problem, you just put something in the feed. We do not do that here in Northern Ireland. We have that individual treatment. Our strapline is "As little as possible, but as much as necessary" on our antibiotic usage. In Northern Ireland we are striving to cut that use. We have cut that use and we are already on that page.

On the SPS rules, yes, that is really concerning as to where this would take place. It would suit us in agriculture to have the same SPS rules across Europe and the UK, but I can certainly understand why the UK maybe does not want to be tied in that, because it holds it back in some ways. That complicates the relationship that we have in Northern Ireland. To come back to you again, we were promised the best of both worlds, but, in many instances, we can be left in no man's land. That is what we need to guard against.

We go back to our start: we produce enough food to feed 10 million. We are a region within the UK that—if you count the UK market as an export, even though it is an internal country trade—has to export about 80% of our produce, so we are skilled in that and our processors are skilled in that. Any variance in SPS rules can provide difficulties for them and restrict the number of places we can go.

There is another thing it can do, and we have seen this in the organic egg sector. Some of the packers now that are packing eggs can sell them quite legally in the UK and they cannot sell them in their own town, where they are produced, simply because of rules. If they go to the EU standard, which is higher, they price themselves out of the UK market. Rather than them being able to fulfil both marketplaces, because of the rules it leaves them having to pick: "Do we want to go to our own local town and the EU, or do we want to go for the UK market?" This is unacceptable.



**Ian Stevenson:** When it comes to standards, I was part of a UK red meat industry Government delegation that was taken out to New Zealand in 2018 by the Foreign and Commonwealth Office. One of the eye-opening things for me at that stage was how well Government and industry work quite closely together in that region to enable their participation in international markets. When it came to standards, it was a case of, “What standards do we absolutely necessarily have to do, in terms of enabling our participation in those markets?”, but not necessarily having to go beyond that.

Within the UK, and indeed the European Union, we tend to go an awful lot beyond what the basic legal requirement is when it comes to servicing customers. A lot of our standards are driven by customer expectations, particularly through the retail trade. We have a lot of independent quality assurance schemes. We have other necessary standards, costs and things built into our system, but that is designed around customer expectations. The concern is that, as we move forward, those sorts of voluntary standards—I suppose they have become the norm now—that are part of doing business within our major markets will start to be undermined. That is a concern that we would have, from the context.

We are doing an awful lot of work on antimicrobial resistance at the moment. We run a quality assurance scheme here in Northern Ireland. We are training 12,000 farmers at the minute in the responsible use of antimicrobials, so we take our responsibilities very highly in that regard.

I do not want to say anything more in relation to SPS rules, but the divergence piece that Michael mentioned is a very important issue, certainly for our red meat industry. I know that is something that is being discussed quite actively with the UK Food Standards Agency at the minute, around its operational transformation programme on how Northern Ireland will, effectively, be undermined competitively. We will potentially have to operate to a slightly higher standard than the rest of the UK. That is the nature of the situation that we find ourselves in at the moment.

Q17 **Sir Robert Goodwill:** I should declare that I am a farmer myself, but we are not in lamb or beef production at home. Stephen has talked about the health status of imported food, but many people in the United Kingdom are very concerned about animal welfare. With very large sheep stations, particularly in Australia, what are the chances of a ewe that is having difficulty lambing being attended to by a farmer? There is flystrike, foot rot and all those other things that happen to sheep. Mr Stevenson, are you concerned that we could be undermined by production methods that do not have the same high levels of animal welfare that you can have on a small farm where the farmer sees every sheep every day?

**Ian Stevenson:** That is one of the key points. From a Northern Irish context, the vast majority of our farms are small or very small. They are family businesses. Livestock almost become part of the family on a lot of these farms; they are seen on such a regular basis. Often, animals are



probably looked after better than the people themselves who are running the farms, because they take such pride in their livestock system. We would say that we have some of the highest welfare standards in the world. Our track record would demonstrate that.

It comes down to an issue almost of competitiveness and scale. We do not operate the scale of businesses that we see on the international scene, particularly in countries like Australia and New Zealand. We do not have the scope. We are operating much higher labour units, in terms of the numbers of livestock that individual farmers would be looking after here in Northern Ireland. There would be much fewer livestock per labour unit than Australia and New Zealand. There are very different systems, breeds and approaches to farming.

It is something that certainly is flagged up with us by our producer members and those participating in quality assurance schemes, saying, "Are we competing on a level playing field when it comes to these issues?" We have very high costs in the UK, in terms of buildings, machinery and other regulatory costs, not just the welfare components. Those are key debate points when it comes to discussing these issues with our members.

**Q18 Sir Robert Goodwill:** It is nice to see you again, Victor. Ian said earlier that the UK market is very attractive, particularly for lamb and beef, at the moment. Could I suggest one of the reasons for that is some of the scare stories put around by the farmers' unions regarding Brexit and the effect on the lamb price particularly of not having a trade agreement? Maybe farmers' unions have been guilty of crying wolf. Is there some suggestion that possibly in this situation, given that the quota of lamb, particularly from New Zealand, has never been filled, maybe we can live with this competition, particularly given the seasonality of lamb production?

**Victor Chestnutt:** You are right. While trade keeps very good in Asia, this trade deal will have minimal effect on Northern Ireland. We need some in that trough in the year to fulfil that out. You have to ask yourself, if New Zealand never filled that quota, why it was not happy with the quota it already had. Why did it ask to get this completely opened? That is the danger.

They will ask for that so that, if anything happens in the marketplace they are supplying and that takes a wobble, they are going to send it all to the UK. Then it will be a flood all of a sudden. We are in a world where food is needed. We are in a world where food is scarce. With the trade going, there is not much difference between the prices over here now—it is not like it was a few years ago—and the other side of the world. Our concern is that we have dropped all those safeguards, and rather than opening the door slowly to let it in, we will flood ourselves out, and that by the time these safeguards come into play, we will be out of business. That is what we are worried about. We are not saying that this is going to wipe us out immediately.



## HOUSE OF COMMONS

You are exactly right. We were all fearful of the sheep trade, but, as it happens, sheep have actually rebounded, and worldwide the sheep meat prices have increased. We are quite happy about that.

**Q19 Fay Jones:** I think we all welcome that the Trade and Agriculture Commission was put on a statutory footing last year, but it is going to be scrutinising a deal that has already been agreed. I wanted to ask what value you felt that added and how confident you are that the new Trade and Agriculture Commission will specifically represent Northern Ireland farming communities.

**Victor Chestnutt:** I sat on the original Trade and Agriculture Commission. As far as I am aware, we have no Northern Ireland members on the new Trade and Agriculture Commission. You asked how effective it will be. Our vision on the original Trade and Agriculture Commission was that this would help negotiators negotiate these trade deals.

Now, as you quite rightly say, it has turned into something that will scrutinise them. The terminology "How useful is shutting the stable door after the horse has bolted?" comes to mind. I am not so sure of its usefulness. It would have been much more useful to have helped our negotiators go through that negotiation than it is scrutinising it after the trade deal is done. It will be extremely difficult to go back and get safeguards put in there if it thinks it is needed.

**Q20 Fay Jones:** Mr Bell, do you think the Trade and Agriculture Commission has enough representation from the wider food supply chain?

**Michael Bell:** No. The best thing that happened during the covid crisis was F4. F4 is farming, processing, retailing and hospitality. We need to get away from this Government view that farming sits in a box isolated from food processing, which sits in a box isolated from retailing and hospitality. It is an eating ecosystem that feeds the population of the UK. Those sectors are all impacted differently. This new one is set up much like the old one and that is a deficiency running through it.

**Chair:** Gentlemen, thank you for your time this morning. We are going to draw this session to a conclusion.