



The Select Committee on the European Union

Energy and Environment Sub-Committee

Uncorrected oral evidence: Brexit: agriculture

Tuesday 7 February 2017

11 am

Watch the meeting

Members present: Lord Teverson (The Chairman); Lord Cunningham of Felling; Duke of Montrose; Lord Rooker; Baroness Sheehan; Lord Trees; Viscount Ullswater; Lord Willoughby de Broke.

Evidence Session No. 3

Heard in Public

Questions 30 - 41

Witnesses

I: Professor Alan Matthews, Professor Emeritus of European Agricultural Policy and Former President of the European Association of Agricultural Economists; Professor Joseph McMahon, Professor of Law, Dean of Sutherland School of Law, University College, Dublin.

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Examination of witnesses

Professor Alan Matthews and Professor Joseph McMahon.

Q30 **The Chairman:** Professors, can I welcome you very much to this public session of our Energy and Environment Sub-Committee inquiry on agriculture? This is one of our evidence sessions for our report on Brexit and agriculture. Perhaps I could go through one or two things very briefly. Could I ask Members to make sure they declare any interests that they have when they contribute to the session. This is a public session, obviously, we are being televised and we are taking a transcript. We will send you a copy of that transcript, and if there are any errors on it please let us know and we will make sure that they are corrected.

You know roughly the area that we are talking about. This is our first real deep dive into the trade issues of agriculture, which are absolutely core to the Brexit discussion. Certainly from the preparation we have done, we see it as somewhat complex, so we look forward to a simple description of all the challenges and opportunities that arise out of this particular aspect. Perhaps I could ask you, for those listening and for the Committee members, to briefly introduce yourselves. Professor Matthews, perhaps you can start off for us.

Professor Alan Matthews: First of all, I thank the Committee for the invitation. I am a professor emeritus, so I am retired from the Department of Economics in Trinity College, Dublin, where I was professor of European agricultural policy.

The Chairman: Thank you. Professor McMahon.

Professor Joseph McMahon: I am Professor McMahon. I am currently Dean and Head of the Sutherland School of Law at University College Dublin. I write a number of works on agriculture and trade law.

Q31 **The Chairman:** I will start off with the fundamental question of what you might see as the main challenges and opportunities for the UK's trade in agricultural products with the EU and the rest of the world post-Brexit, focusing of course on trade issues. Professor Matthews, perhaps you would like to start us off on that.

Professor Alan Matthews: It seems to me that the key challenge is to try to retain open access to markets, both in Europe and elsewhere, particularly relative to what the UK has at the moment. Obviously, that will be a challenge, because the Prime Minister has indicated that the UK wishes to withdraw both from the Single Market and from the Customs Union. The question is: how can one in a sense minimise what is clearly a reduction in the UK's ability to trade with its major trading partner? Of course, there will be some opportunities. The Government here have referred to their desire to have ambitious trade deals with third countries, which perhaps the European Union has not yet put in place, so that might act on the other side, which is in a sense an opportunity. The challenge is

to retain as much as possible the free market access that is there at the moment.

Professor Joseph McMahon: I agree with Alan. The problem is that since joining the European Union the UK has remained a net food importer. The challenge will be to ensure that the free trade agreement that is concluded with the EU in due course allows for as much free trade as possible.

The Chairman: On the opportunities side, you mentioned countries that the EU does not have agreements with. In reality, both in terms of markets being there and a willingness to do deals, where do you think those opportunities might be? Should we send the Rt Hon Liam Fox MP, Secretary of State for International Trade, off to particular jurisdictions perhaps?

Professor Alan Matthews: The first port of call, I assume, would be to countries where the UK already has market access through the free trade agreements which the European Union has in place. There will be a question of establishing what kind of relationship the UK has with those countries. That would seem to me to be the first port of call. Then you would look at countries with which, as I say, the European Union does not as yet have a free trade agreement in place. To be honest, most of the countries which the European Union has initiated negotiations with, such as the Mercosur countries as well as Japan, New Zealand and Australia, to name some of them. One would assume that the UK will also look at some of these markets.

The United States is probably the obvious one, because it looks as if the TTIP negotiations will not continue, at least in their present form. Presumably the United Kingdom would hope to be able to sign a free trade agreement with it relatively quickly after Brexit, although that would not be without issues.

The Chairman: We will come on to those later. It is interesting that you said that the EU is already talking to the majority of those countries. Are we likely to be at the back of the queue?

Professor Alan Matthews: I see conflicting signals coming from some of the leaders in other countries. They are declaring a willingness to talk with the United Kingdom, which seems to me to make a lot of sense at the present time, but when it comes to negotiating I would have thought that negotiating an agreement with the European Union, which is a bigger market for these countries, would take priority, if there is a question of allocating scarce negotiating skills in those countries. On the other hand, clearly in dealing with a single country there are fewer conflicting interests to be resolved, and you may expect the negotiations to proceed more quickly from that point of view. I think that is an open question.

Professor Joseph McMahon: I would approach the question a different way. The EU has concluded agreements with lots of third countries and most of those agreements are what are termed in EU law mixed

agreements. This means that the UK remains bound by that particular agreement between the notification under Article 50 and two years thereafter. I would imagine that the EU is trying to figure out how it will cope with the UK's absence from those agreements, but because it is a mixed agreement the UK also has the opportunity to figure out, in association with the third country, how it will deal with the relationship. There is a curious legal issue as to the scope of mixed agreements and whether or not there are negotiating rights associated with them.

On a more general issue, before you start negotiations with third countries you need to know what you are negotiating and what space you have for negotiation. It is not clear at the moment what space the UK has for negotiating.

The Chairman: Please could you expand on that?

Professor Joseph McMahon: If you are thinking to yourself in negotiations that "We will give you tariff concessions", you do not know what the level of the UK tariff will be yet for agricultural goods post-Brexit or the level of domestic support. You do not know whether there will be export subsidies. You cannot negotiate with a third country and say, "We will give you tariff concessions". They will turn to you and say, "What tariff concessions?", to which your response will be, "We have not set our Schedule yet". At some point you have to start to think, "What are our concessions going to be?", so you need to know what your tariffs will be. That is the first example.

The Chairman: That brings us on to Viscount Ullswater and a question about Schedules.

Q32 **Viscount Ullswater:** First, I should declare an interest: I am a trustee of a landed estate in Cumbria that receives payments from the Common Agricultural Policy. My question is about the World Trade Organization and Schedules, and it is in three parts. I fancy that you have managed to see a copy of the questions, so I think it is better if I put all three parts together, because they hang together. Can the UK unilaterally construct its own WTO Schedule of Commitments in agricultural products after Brexit? If the UK constructs its own Schedule, will this be legally binding on other WTO members, including the EU?

The second part of the question is: to what extent is it possible to determine the EU 28's current commitments in agricultural products in the WTO for tariffs, tariff rate quotas, domestic subsidies and export subsidies for agricultural products? The third part is: what impact might this have on the UK's negotiations with the EU and the UK's negotiations with other WTO members? That is a bit of a mouthful.

Professor Alan Matthews: First, I agree with Joe that the priority on the UK side in the trade area is to establish its Schedule of Commitments in the WTO. Without that it is very difficult to see how you can proceed to negotiate either with the European Union or with third countries. That is absolutely the first priority. There are legal issues as to how that might be done, but clearly the UK has to come with its proposed Schedule. How

that is approved formally by the WTO I will leave Joe to discuss, but that will take place, I think, certainly after a process of informal discussions to try to tease out with other members of the WTO what issues they may have or foresee, depending on the nature of the proposals that the UK comes with. If that process went smoothly, you could envisage the UK Schedule being certified without difficulty.

In global terms, the UK is a very attractive market. It is a big, prosperous market and it is a net importer of food. Therefore, a lot of countries will be very interested to try to improve their access to this market. We may discuss in a moment various options as to how the UK may set its Schedules, but from the point of view of getting them approved by the rest of the WTO membership I could see attempts by producer interests in other countries to say, "Look, this is an opportunity to improve our access, so let's try to get our Governments to be a bit more aggressive than they otherwise might be".

We might put forward as a fair deal to the rest of the WTO membership the idea that somehow we might just share the obligations that the EU 28 has at present—we will come back to this idea of whether sharing is an option: that that, in a sense, retains the balance of concessions that were agreed in the Uruguay round, but I could see other members seeing this as an opportunity to try to improve their position. With that caveat, the UK will come first, it will make its suggestion, and it will then be up to other members to say, "We think this is unfair. It doesn't give us the same market access that we had previously", and there may well be some scope for negotiation at that stage.

Whether these remain informal negotiations or whether it moves to this so-called Article XXVIII Process of Modification of Schedules where the negotiations become more formal I will leave Joe to comment on.

Professor Joseph McMahon: On the question of market access and particular tariffs and tariff rate quotas, I do not think there will be a problem with tariffs; it is basically a question of setting the tariff. The problem will be in relation to tariff rate quotas. The EU has a number of tariff rate quotas arising out of the Agreement on Agriculture. There is some argument, shall we say, as to whether those tariff rate quotas can be split between a departing Member State and the remaining EU Member States. The problem is exacerbated by the fact that some of the tariff rate quotas are very Member-State specific, so we may well have a number of tariff rate quotas which the UK is a major beneficiary of but which the EU may wish to hold on to.

Equally, if the UK gets a tariff rate quota split-off, you can imagine that other members of the WTO will be very annoyed, because there will be a tariff rate quota coming into existence after tariff rate quotas were supposed to come into existence. They were supposed to come into existence in 1995 or on accession to the WTO. The UK has been a member since 1948. This is a very unusual occurrence. Therefore, you are likely to see other members of the WTO object in relation to tariff rate quotas.

The other problem of course with the use of tariff rate quotas is that upon tariffication you are allowed to use the powers given by the Agreement on Agriculture in Article 5, the special safeguard provision but the special safeguard mechanism to protect against import surges is an EU mechanism given by the Agreement on Agriculture as a consequence of tariffication. The products are listed as special products in the EU Schedule. Again, I cannot imagine another WTO member saying that the UK, after 22 years of not being able to invoke it by itself, will be able to invoke a special safeguard measure in relation to imports of pig meat, for example. That is one thing.

Alan has written extensively on how to split the domestic support, so I am not going to talk about that.

Export subsidies is another area where the attitude of the other members of the WTO will be crucial, because under the Agreement on Agriculture you have reduction commitments on budgetary resources and export quantities. These were set down in 1995, but they were set down for the EU; they were not set down for the UK. There has been a consistent move to abolish export subsidies. It is not legally binding—it is a political move, it must be said—although if you look at the EU, for example in Regulation 1305/2013 you can see that the form of support will exclude export subsidies in relation to the CAP. That will be irrelevant, obviously, but I think there is a general consensus emerging that export subsidies should not be used.

There is also another great fallacy at work here, which is that the WTO approves your Schedule. The WTO has never approved anybody's Schedule. It is given to the Director-General, who certifies that he or she has received it. That is it. They were supposed to be approved, but the sheer volume in late 1995 and early 1996 meant that the process never worked the way it was supposed to. There is no approval process; it is just certification. If you are experiencing trade losses—this is the point that Alan suggested I deal with—as a result of tariff changes, I would imagine that there will be complaints. Those complaints will be brought under ARTICLE XXVIII of the GATT, because there has been a modification in tariff treatment, and you have to negotiate with your principal suppliers. Again, this goes back to the notion that the UK is a relatively attractive market. If you want to trade with it, you will want a good deal. If the UK tariffs are set too high, you could have complaints.

Professor Alan Matthews: Might I come back on this question of sharing, not to disagree but perhaps to give further input? On the Tariff Schedule, the current Secretary of State has already indicated that the Government will try to replicate the EU Schedule on bound tariffs as far as possible. Let us take that at least as an opening position for agricultural tariffs, although you will all be aware that the EU Agricultural Tariff Schedule is extraordinarily complicated. The UK might well want to take the opportunity to try to simplify this, particularly when it comes to processed foodstuffs.

With respect to tariff rate quotas, there are two issues. Many people focus on the size, but there is also a question of how these quotas are allocated. That is an equally important question that has to be decided.

The Chairman: We will come on to that next.

Professor Alan Matthews: I see a question of timing here in so far as the WTO Schedule would have to be put forward, and hopefully certified, before the UK is in a position at least to finalise free trade negotiations with either the EU or other countries. From the point of view of the EU, we are hopeful that there will be a free trade agreement—we will perhaps come on to discuss that—but we cannot guarantee that that will be the case. When we, meaning the EU 27, look at the UK Schedule, we will look at it in the absence of a free trade agreement, because the Schedule will be the binding commitments. The free trade agreement may alter that to our mutual advantage, but we are not sure that that will be realised.

The idea that we would split the existing EU 28 quotas in some sort of bilateral negotiation as part of the Article 50 talks may well, first of all, not be accepted by other members; the idea that the EU can, unilaterally in a sense, reduce its tariff rate commitments on the grounds that some third party, some other country, will increase it. That would seem to be a rather strange trade-off. One commentator has described it as the US saying, "Look, we're going to reduce our tariff rate quotas, because Canada has liberalised". That would be one thing.

From the EU's point of view, if we end up without a free trade agreement, then of course it will also be interested in those tariff rate quotas, so the EU will want to argue with the UK that it should also be able to access the UK market under those quotas. It is not just a question of allocating the New Zealand share or the American share of existing EU quotas; it is also what access European Union countries would have to the UK market, assuming that there is no free trade agreement in place. That makes the negotiations even more complicated.

The Chairman: Perhaps we need to move on to Lord Rooker. This question, or at least part of it, follows on naturally.

Q33 **Lord Rooker:** Good morning. I did not volunteer for this question, by the way. I might have been at MAFF and Defra in my time, but it never involved in trade negotiations, except trying to get the beef ban lifted with Lord Cunningham.

Listening to what you have said, and I have read about what you have written, it seems to me that those who are doing the negotiation with the EU will have to negotiate with the WTO at the same time, on parallel tracks, because the one impinges on the other. My question is irrelevant in a way, because it probably goes to the tariff rate quotas for butter and sheep meat that relate to New Zealand. I heard a farmer on "Farming Today"—a very old-fashioned farmer in Wales—saying, "We'll produce lamb all year round, and snuff out the New Zealand lamb trade imports". He thought that rather than lambing in December/January, he would do it

all the year round because we will lose a pile of trade from the EU.

I want to ask you about this issue of the EU 28's WTO Schedules and how they can be split, if they can be. How is that settled? Is it by the UK and the EU or WTO law dispute settlement getting involved in it, or can it be done by a political fix? I am prompted to ask, although I do not have the details of this, whether Czechoslovakia splitting is a help in knowing how we could arrive at a formula. It was a slightly different split from the one we are doing, but at least there was a split. Does that help at all?

Professor Alan Matthews: I will let Joe talk to your substantive question, but to me the Czechoslovakian example is not a precedent. First, that so-called velvet divorce took place in 1993, so prior to any countries having commitments in agriculture. Secondly, both those countries remained in the Customs Union until they both joined the European Union at the same time. To me, it does not provide us with much assistance on how we deal with these commitments, which were created after that particular split took place.

Professor Joseph McMahon: Yes, I agree. Going back to your substantive point, as a former resident of New Zealand I can testify that New Zealand lamb tastes very nice.

Lord Rooker: I married there.

Professor Joseph McMahon: My son was born there, but that is a different story. Again, this comes back to the tariff rate quota point and what happened in 1973, for example, when the existing trade arrangements that the UK had with third countries became European arrangements. We are almost turning the clock back 46 years and asking, "Can we untangle them?", to which the answer is, "Probably not"—not to the same extent that we could, because the major difference between 1973 and what will be 2019 is the WTO. We now have a set of rules that will prevent a number of things happening that you would like to happen.

In particular, in relation to tariff rate quotas, you cannot see WTO members being happy with what will in essence be a move towards protectionism, and you can see them complaining. I love the idea of the Welsh farmer producing lamb all the year round or the Cornish farmer producing lettuce the entire year round, et cetera, so that if the lettuce does not grow in Spain and Italy there will be enough lettuce. The UK has never been self-sufficient in these products, so there will have to be a trading relationship.

To take you back to Alan's first point, the UK is a very attractive proposition from a trade point of view. It is figuring out the mechanics of how you will do this.

Lord Rooker: We are only a good proposition because we import so much food.

Professor Alan Matthews: Yes.

Lord Rooker: According to the Rt Hon Andrea Leadsom MP, Secretary of State at Defra, there are enormous opportunities around the world, the implication being that we will push more food out, we will export more food, but you are saying that we are a good proposition for the rest of the world because we import so much food.

Professor Joseph McMahon: This brings us back to the other split in the Schedule, which we have not talked about, which is the split in domestic support. The one area that is not clear at the moment is how exactly the UK will support its domestic industries. The problem is that is not one question but four questions, because agriculture is a devolved responsibility, so the amount of support for your Welsh lamb producer may not be the same as that given to the English lamb producer, because agricultural policy is a devolved responsibility. But, international trade is not a devolved responsibility. There is a nice constitutional question of how to conclude international trade agreements in areas of devolved responsibility. I think it is a nice constitutional question, but I am a lawyer, so I tend to think of nice legal questions.

The solution is getting the Schedule first. It is about beginning to have the conversation with the domestic farming community about the nature of domestic support that we will have in the UK post-withdrawal.

The Chairman: Can we come back to something that you mentioned earlier on about the sequence here? I think it was obvious, but I had not thought about it before. Given that agriculture is devolved and we have potentially four systems of agricultural policy post-Brexit—we do even now; there are divergences—do we need to determine those four regimes before we can put forward a Schedule to the WTO? Do we need to sort that out, can we do that in parallel, or can we do it after?

Professor Alan Matthews: No, I do not see that as a prerequisite for the Schedule which the UK as a whole will have.

To come back to Lord Rooker's question on domestic support, the UK may well wish to have, as part of its domestic arrangements in future, what in WTO terms would be called trade-distorting support. To give two examples of that, the UK may wish to have some system of safety net intervention for a number of agricultural products. The EU has that for dairy products, cereals and beef. The UK may wish to replicate that. If the UK has what would be called administered prices in WTO terms, it will have market price support. Even if the safety net prices are below existing market prices in WTO terms you would be defined as having market price support. One or more of the devolved Governments—I am thinking particularly of Scotland here—might wish to keep coupled payments, which again would be considered trade distorting.

The question then is what limits the WTO rules might place on the UK's ability to trade. However it manages the monitoring and the supervision of that within its own jurisdiction, as a unit as a whole it has to keep within its commitments at the WTO. The question is what those commitments might be after Brexit. There are two possibilities. A number

of countries that had previously given this trade-distorting support prior to the Uruguay Round Agreement were allowed to continue to do this but within a clearly defined ceiling—what is called the bound total aggregate measurement of support—and the UK might wish to obtain some of the EU's current bound aggregate measurement of support.

However, many countries that did not provide trade-distorting support of that kind prior to the Uruguay Round Agreement are limited to what are called *de minimis* amounts. They are specific percentages: 5% of the value of each individual product. If it is more general support such as a fertiliser subsidy or an interest rate subsidy, it becomes non product-specific support but again is limited to 5% of the aggregate value of output. As I understand it, in the UK that might be around £1.5 billion. Even within the *de minimis* amounts it seems to me that there would be quite substantial room to provide this kind of trade-distorting support. Of course, we should make clear that the WTO is not there to outlaw all forms of support. Indeed, there is quite wide room within the so-called green box and blue box to provide other types of support without any limits at all.

The Chairman: Thank you. Lord Rooker, are you happy with that response?

Lord Rooker: I am looking forward to reading the transcript, I have to say.

The Chairman: Thank you. We need to move on. Baroness Sheehan.

Q34 **Baroness Sheehan:** I wanted to ask a small question on process. In order to compile these Schedules we will need a lot of information and expertise. Do you think the UK is ready to embark on that exercise? I can see there are a lot of specialisms involved, but to what extent do we have that specialism already in place and to what extent can we access the information that we need?

Professor Alan Matthews: It is a specialist area, and clearly these negotiations have been carried out through the European Union in the past. On the other hand, Member States would have followed these negotiations, so I presume there would be some expertise in these areas already in Defra and the Department for International Trade. Clearly, much more is required. I read in the newspapers that the Department is busy recruiting people, and one hopes it will succeed in identifying both the right number and the right type of people for what I think will be a challenging exercise.

The Chairman: Thank you. Coming back to tariffs, what is the case for lowering tariffs and non-tariff barriers on imported food and agricultural goods after Brexit? On the other side, what is the case for preserving or increasing current levels of protection? How free is the UK to pursue either of those options, will it perhaps try to ride both horses at once in different sectors?

Professor Alan Matthews: Let me give a quick answer, and then I will let Joe come in. First, I see no scope for increasing tariffs, because the EU's applied tariffs at the current time, which are of course what the UK applies, are very close, if not exactly similar, to the bound tariffs. I do not think anybody is suggesting that the UK will be able to have higher bound tariffs in its Schedule, so I see no scope, or perhaps any desire, on the part of the British Government to look for that. Of course, the UK would be entirely free to lower its applied tariffs, and indeed to apply any tariff rate right down to zero, after Brexit. Then it becomes a policy decision by the British Government as to the level of protection they wish to provide through tariffs to their domestic industry relative to the political attractions, maybe, of showing consumers that there are benefits from Brexit and trying to lower the level of food prices within the United Kingdom.

The Chairman: What about areas of quality and non-tariff barriers? Could they raise some of those if they wanted to protect increasing welfare demand or increasing health and standards issues—things like that? Is that equally difficult?

Professor Joseph McMahon: That will be equally difficult, largely because of the Agreement on Sanitary and Phytosanitary Measures that was introduced in 1995 at the same time as the Agreement on Agriculture. The general philosophy of the SPS Agreement is reliance on the standards set by international bodies. In the case of food, it is the Codex Alimentarius Commission. In the case of animal health, it is the World Organisation for Animal Health, which is known after its French abbreviation, the OIE. For plant health, it is the International Plant Protection Convention. You can adopt higher standards than international standards but you have to provide a scientific justification.

The Chairman: That probably answers my question. We will move on to this area later.

Lord Trees: I want to ask a naive question about tariffs. We have a major trade deficit now of £20 billion. Tariffs go to the Government, the Treasury. To what extent could they be or might they be regarded as an income stream for a Government? Clearly, one is also paying tariffs. If one is a net importer, to what extent does that play into the whole debate, discussion and considerations?

Professor Alan Matthews: I must admit that I did not look to see how important the tariff is, which at the moment is mostly paid into the European Union budget, so it is part of Britain's contribution, but if you were applying it after Brexit, then of course it would be revenue to the UK Exchequer. My hunch is that it would not be hugely significant as a revenue stream, so it is, as I said before, the political balance between providing tariff protection to the domestic industry here as against providing access to food at world market prices, or close to world market prices, to British consumers.

The Chairman: Lord Willoughby de Broke, did you want to come in on

this question? I am very happy for you to do so, if you want to.

Lord Willoughby de Broke: Thank you very much, Lord Chairman. I declare my interests as a grass and arable farmer in Warwickshire. What do you think the position may be with genetically modified organisms after we leave the EU? We know that we are bound by EU rules at the moment, but what do you see as the future for that? It could be important, I think, for British agriculture.

Professor Alan Matthews: It would be entirely up to the UK Government, following Brexit, to decide on their attitude. Traditionally, the UK has voted in favour of approving recommendations from the European Food Safety Authority. For particular GM events for which approval has been sought and where the EFSA has given a positive recommendation, the UK has traditionally supported that, so one might assume that a future Government here would also look favourably upon. In that case, you would be operating in international trade terms similarly to countries such as the United States, Canada, Brazil and Argentina, which also approve GM varieties for cultivation.

The issue in many cases is whether these varieties have been approved not necessarily for cultivation but for import and processing within the European Union. There is a big problem at the present time with what are called asynchronous approvals, where a GM variety may have been approved in the United States for cultivation and farmers are growing it, but it has not been approved in the European Union for import and processing. We do not have GM wheat at the moment, but for the sake of this argument let us suppose that we had GM wheat and you had a cargo of wheat coming from the UK into Europe. That would have to be GM free, with certain tolerances, if that particular GM variety had not yet been approved in the European Union. You would be free to grow it, but there could be this hesitation among farmers to take up the option if they felt that it was going to exclude them from the EU market if the EU, at that point in time, had not yet approved that particular event.

Lord Willoughby de Broke: Thank you very much.

Professor Joseph McMahon: There is an added complication, because approval of GMs is, again, a devolved matter. Both Northern Ireland and Scotland have indicated that they wish to be GM-free, which would suggest that if, for example, England and Wales were to declare that they wanted to be GM-friendly, there is the possibility of having to have border checks within the UK to ensure that you are not importing GM food.¹

Lord Willoughby de Broke: Into Scotland?

Professor Joseph McMahon: Into Scotland or into Northern Ireland.

Lord Willoughby de Broke: In porridge?

¹ Witness note: this could threaten the GM-free status of Northern Ireland and/or Scotland

The Chairman: An interesting thought. Thank you for raising that. I want to make some progress. We now have a question from the Duke of Montrose.

Duke of Montrose: That was my question.

The Chairman: Thank you very much. Could we move on to Lord Cunningham? Could I ask our panellists to be as concise as possible while giving us the information we need? That would be excellent.

Q35 **Lord Cunningham of Felling:** I would like to return to the WTO, but perhaps I can paraphrase a much-admired Irish response to a question and say, "If I was going to the WTO, I would not start from here". I guess you might agree with that, but we have no option in the matter. Can I be clear on whether I have this right or wrong? It will be necessary before Britain can seek deals with third countries for us to deposit a Schedule of Commitments with the WTO. Is that correct?

Professor Joseph McMahon: I think it would be very advisable.

Professor Alan Matthews: Yes.

Lord Cunningham of Felling: And we cannot do that until we have finished our negotiations to leave the European Union.

Professor Joseph McMahon: There is an interesting legal issue there, because Article 50 is the starting point, which provides for the negotiation of a withdrawal agreement. That is it. It is not for anything else. Negotiations on the trade agreement between the UK and the EU can start.² I am not saying they can be finished before withdrawal, but they can start at the same time as the Article 50 notification is made. We have to remember what Article 50 is about; indeed it is about withdrawal. It is helpful if you keep remembering that it is about withdrawal and not about the WTO. I think the Government have tended to mix the two together.

Lord Cunningham of Felling: In our deposition, the Schedule to the WTO, what targeted support for hill farmers would it be possible for the UK to provide?

Professor Alan Matthews: The Schedule of Commitments would not require you to go into that level of detail. You would be stating in your Schedule simply an overall ceiling on the level of trade-distorting support. As a WTO member you could of course also avail yourself of what we mentioned earlier: the so-called Green Box and Blue Box supports. Under the Green Box, for example, it is possible to provide aid to farmers in disadvantaged areas. The European Union, for example, currently notifies

² Witness note: the negotiations on a trade agreement do not have to be completed within the two year time frame set out in Article 50; indeed it would be unlikely given the range of issues to be covered that such an agreement could be concluded within two years. That timeframe relates to the withdrawal agreement.

its aid to less favoured areas, as it used to be called—it is now called aid to areas facing natural constraints—in the green box, so if after Brexit the UK were to have a similar type of scheme in the uplands I would not see that as a problem, and certainly nothing that you would need to resolve before depositing your Schedule.

Lord Cunningham of Felling: Following leaving the European Union, if we do not continue to provide direct payments after 2020—apparently they will continue until at least 2020—what impact would the WTO have on alternative funding schemes for farmers? Would they want to approve them one by one?

Professor Alan Matthews: Again, the WTO leaves broad discretion to its members with respect to its agricultural policies. Its main concern is to discipline the so-called trade-distorting policies. To the extent that the UK would devise schemes that fit within the Green Box or the Blue Box—the Blue Box is production-limited—

Lord Cunningham of Felling: What if they thinking outside the box?

Professor Alan Matthews: Then you have to look at what you have said in your Schedule of Commitments you will bind yourself with respect to trade-distorting support, but that will be a number. It will be £1.5 billion or £3 billion, however that number is arrived at. That would in a sense be your entitlement, bearing in mind that you would also have the possibility of providing support up to a *de minimis* level. That is not included in your commitment. When calculating the amount of trade-distorting support you are allowed to subtract the so-called *de minimis* support. In my view, that provides quite a wide range of latitude already. The *de minimis* limits provide quite a lot of support even without getting into the possibility of wanting to provide other types of trade-distorting support.

Lord Cunningham of Felling: Finally, does the WTO have any specific approach, or has it taken any decisions on what are described as farmers/agriculturalists providing public goods, such as sustaining the environment or looking after ecosystems?

Professor Joseph McMahon: Again, these come within the Green Box policy. I think it is paragraph 12, Annex 2 to the Agreement on Agriculture that deals with environmental programmes. There is a broad instruction. That is it. All it says is that it needs to be an environmental programme, and various conditions are listed. Once you satisfy those conditions it is an environmental programme. That is it. If it does not satisfy those conditions, there is one provision in Annex 2 that has not yet been used by any WTO member, and that is Paragraph 5, which allows you to design your own Green Box policy provided that certain conditions are met. If you satisfy those conditions it will be fine. If your policies do not fall within paragraphs 6 to 12 you can always design a new one.

Professor Alan Matthews: To specify a little bit more what Joe has said there—

The Chairman: Can we keep it short?

Professor Alan Matthews: Let us move on then. It was only to add some gloss.

The Chairman: Are you sure? I am very happy if you have amplification, but a short one is what I am trying to go for.

Professor Alan Matthews: A specific condition that sometimes gives rise to concern within the European Union on agri-environment schemes is the requirement that the amount of payments be limited either to the extra costs incurred by the farmer or to the loss of income involved. Some people are concerned that that may not allow, for example, for more innovative types of agri-environment schemes that pay farmers by results rather than simply for particular management practices. My own view is that there is room for creative interpretation and that if the Government were designing the scheme it probably would not be challenged within the WTO provided that it was a legitimate agri-environment scheme.

Q36 **Lord Trees:** Good morning, gentlemen. My question is about non-tariff barriers. To what extent can the UK restrict import of agricultural products because they do not meet the quality and safety standards applied to products produced here? In particular, I declare an interest as a vet. I am interested in animal health vis-à-vis animal welfare. My understanding is that you can have restrictions based on health but maybe not to the same extent on welfare. I would like you to address that, if you could.

The second part of the question is about the WTO attitude to us were we to favour more hazard-based approaches, the precautionary principle, as opposed to risk-based. It gets complicated, because last week the Minister told us that you can have a precautionary approach to a risk-based policy. The question is about those two extremes of a hazard-based as opposed to a risk-based approach.

Professor Joseph McMahon: To answer your animal welfare question—

Lord Trees: It also relates to phytosanitary.

Professor Joseph McMahon: Again, it falls under the SPS Agreement, because the UK will become a member of that.³ You are looking there, as I said, at the three international organisations, Codex, the OIE and the IPPC, which the UK has participated in since their formation. Using those

³ Witness note: This refers to both the SPS Agreement and the Agreement on Technical Barriers to Trade with the decision as to which agreement is relevant depending on the purpose of the measure. A phytosanitary measure may fall under the SPS Agreement whereas an animal welfare issue may fall under the TBT Agreement. As I indicated earlier for the SPS Agreement you are looking at the standards developed by the three international organisations Codex, the OIE and the IPPC.

international standards, there would have to be scientific justification should you wish to depart from them. If you are departing from the international standards you must set an appropriate level of protection that demands a higher standard. The Government must decide that they want higher standards than the ones that prevail internationally, but you must be able to justify that scientifically. I am not a scientist. My sons are scientists and they can tell me that, but that is the approach; there needs to be scientific justification.

I do not believe there is such a thing as a precautionary principle in the SPS Agreement at all because it is not mentioned. Its philosophy is there, but it is not mentioned at all. If it is possible for you to undertake a risk assessment, I that believe you can take precautionary measures. You cannot exclude trade. One of the major problems that the world has encountered since 1995 is this move in the SPS Agreement to very science-based restrictions on trade. Nobody thought that it was going to happen, but it has happened; it has gone in a very particular direction. It is strange, but there is no precautionary principle in international trade. You can take precautionary measures, so you can protect animal life and health.

On animal welfare, the reference is not to the SPS Agreement but probably to the TBT Agreement and to Article XX of the GATT on the protection of public morals. For example, one of the things that the UK and Ireland share, in contrast to the rest of Europe, is that we tend not to eat horsemeat in these islands. That is because we think there is something special about horses. That appears to be less so on the continent. That tends to be both a welfare argument, and a public morals argument, from our point of view. There was a dispute regarding EU seals, which tells you how to satisfy the requirement that you can restrict trade on the grounds of the protection of public morals. It will work better for the UK once it leaves the EU in -

a way to protect animal welfare going forward using not the SPS Agreement or the TBT Agreement but Article XX of the GATT, which was the original provision in this area. I know that is a very long and complicated answer.

Professor Alan Matthews: If I try to interpret the thinking behind your question it might be the attitude of UK farmers, if applied tariffs are lower and they face increased competition let us say from South American beef, that the argument might be, "Can we keep that beef out, because perhaps it does not meet our standards?" Of course, the UK would have every right to check on the health and disease status of these herds. There would be an operational issue in that much of this checking and so on is now done through EU institutions, so you would have to build up that capacity here. You would be sending inspectors to those—let us take Brazil as the example—Brazilian meat plants to ensure that the standards there met the standards that you required for import.

There is a limit in so far as if some restrictions were brought in that were due, let us say, to climate policy on livestock emissions in the future in

the UK, the fact that, at least at present, other countries might not have such ambitious climate policies and you might have this sort of incentive for livestock production to move out of the UK and be replaced by imports from other countries, my understanding is that at the moment you would not have the right to impose separate regulatory barriers to keep out that beef. It is not a health issue, and the way in which that beef is produced is not in itself grounds for discrimination.

The Chairman: Perhaps we can move on to the free trade agreement area, and Viscount Ullswater.

Q37 **Viscount Ullswater:** Moving in a slightly different direction, the Prime Minister has been very clear when she has indicated that the UK would pursue a bespoke agreement regarding the Customs Union and a comprehensive free trade agreement with the EU. What are the main challenges the UK would face when negotiating such an agreement with the EU? What impact would this model of trade have on agriculture and food supply chains? Will official controls, sanitary checks, et cetera, be needed for each movement of agricultural and food products between the UK and the EU? That poses a good question about Ireland, does it not?

Professor Alan Matthews: Indeed. The way I would read it is that the UK is intending to withdraw from both the Customs Union and the single market. There will be two separate sets of implications for trade costs there, even if that withdrawal is followed by a subsequent free trade agreement that retains duty-free trade. Often in free trade agreements signed by the European Union, agriculture is treated somewhat exceptionally. You can have duty-free trade for all your manufacturing lines, but some elements of protection are kept for the agricultural lines.

Obviously, the UK and the EU would be starting from a situation of free trade, which is somewhat different from the usual negotiations where you are trying to remove trade barriers. I would not necessarily see that as purely problem free. The likelihood is that the UK will continue to import lamb from New Zealand, for example, and may wish to increase that allowance either by reducing its applied tariffs or by increasing the access for New Zealand lamb through a free trade agreement with that country. At the moment, the UK, as I understand it, is more or less self-sufficient in lamb, but it is none the less a significant exporter of lamb to the European Union. That lamb would be replaced by lamb from New Zealand, effectively.

You can envisage a situation in which the UK enters into a free trade agreement with New Zealand, more New Zealand lamb comes into the UK, and that perhaps displaces additional New Zealand lamb into the European Union. European Union farmers might look at that and say, "Is that really fair? Should we continue to allow that?" I suppose what I am saying is that even maintaining duty-free trade in a free trade agreement is not a foregone conclusion. Then you would have these additional costs. I do not know why I have taken my time, but, to make some reference to them, leaving the Customs Union will imply that there will be a need for

documentation to show rules of origin, if there is a free trade agreement in place.

For larger companies, that will not be hugely costly, because these things can now be done electronically, and customs clearance is technically simpler than it was in the past. For smaller food firms that are exporting, perhaps opportunistically they get the possibility of a single order, they are not familiar with the system and they have to show that their cupcakes or their processed food product, indeed most of it, is made in the UK and is not simply cocoa imported from another country. There will be those additional costs simply to prove rules of origin.

The more significant costs will certainly come from leaving the Single Market, where you then will have to show conformity with each other's regulatory standards. That will be necessary even if those regulatory standards remain the same as they are today. In other words, the European Union, faced with an import of a UK food product, will still need to have certified that that product indeed meets their standards. If it is a Welsh meat product, say, the European Union might need to inspect that Welsh meat plant in addition to your own Food Standards Agency doing that for your domestic market. There are ways in which you can try to minimise that. That obviously duplicates inspections compared to what you have today, so that is additional cost.

Of course, if the regulations themselves then begin to differ, such as introducing GM or allowing the use of pesticides or crop-protection chemicals in arable farming in the UK, which are prohibited in the European Union, you get into even more obvious reasons for certification. In my view it would be highly desirable to ensure that there are regularly co-operation agreements—Mutual Recognition Agreements—whereby the EU would recognise that your Food Standards Agency, in inspecting that Welsh meat plant, would also be certifying for export to the EU. Even if the EU standards are different, you would be allowed to have that. Again, those are bilateral agreements between the European Union and the UK, which would have to be negotiated and signed, whether on day one after Brexit or shortly afterwards.

Professor Joseph McMahon: Looking through some of the free trade agreements that I have looked through, concluded by the EU, it has never allowed for complete free trade in agricultural products, largely because there is a principle of European agricultural law known as Community preference, which means that preference must be given to Community agricultural products. It applies in all free trade agreements, so there is never completely free trade.

Q38 Baroness Sheehan: We will move on now to non-tariff issues. I would like you both to address the importance of protected designation of origin, protected geographical indications and protected specialities guaranteed to UK agriculture and food production. How important are those three factors?

The Chairman: I am particularly interested to understand whether you

can protect Cornish clotted cream and Cornish pasties.

Professor Joseph McMahon: Of course you can. The Union has protected PDOs, PGIs and TSGs since 1992. It is a cause of much embarrassment that I know all of Ireland's PDOs and PGIs, because there are less than ten of them but I do not know all of the UK's.⁴ There are close to several hundred in France and Italy, suggesting that the UK seems not to have made great use of this particular provision. A study was commissioned by the Commission in 2013 which indicated that there is an associated economic benefit for people who take out PDOs, PGIs and TSGs that is in some cases substantial. The good news is that the Regulation was changed in 2006 to allow for international registration, so once the UK leaves it will become a third country and it will still be able to register PDOs, PGIs and TSGs.

Professor Alan Matthews: In fact, as I understand it, Joe, and you may wish to comment on this, at the international level you have the Lisbon Agreement on appellations of origin and geographical indications. There was a Geneva Act last year of that Lisbon Agreement, which effectively extended the international register of appellations of origin to include geographical indications. That means that if the UK were to join that Geneva Agreement in its own right, the mere fact of registering a GI within the UK would be sufficient to give it international recognition. It no longer even has to apply to be registered on the EU register. I am not a lawyer, but that is my understanding of the Geneva Agreement.

Professor Joseph McMahon: There is a separate process for spirits and a separate process for wine. I am a consumer of whisky; you would like to assume that most spirits that are distinctive within the UK will be registered.

Baroness Sheehan: On the question of whether the UK will need to re-establish current PGIs, you do not think it is an issue at all.

Professor Joseph McMahon: No, it is not an issue at all.

Baroness Sheehan: There is one other follow-up question. In what circumstances, if any, could the EU refuse to recognise existing UK protected PDOs, PGIs and protected specialities guaranteed?

Professor Joseph McMahon: Assuming that the conditions of the Regulation are satisfied so that the product specification and description are correct, names can only not be registered if there is a possibility of confusion. I think that is in Article 6 of the Regulation. For example, if there is a possibility of confusion with a trademark name or a plant variety, a PDO or a PGI would not be registered. The other one we always have to think about of course is cheddar. If a term is generic it can no longer be registered, so those conditions do not apply.

Viscount Ullswater: Champagne, of course, is different.

⁴ Witness note: There are more than 70 in the UK.

Professor Joseph McMahon: Champagne is slightly different; Champagne is a region, and so is cheddar.

Q39 **Lord Trees:** You have covered some of these points earlier, so you may wish to be brief. Many have argued that Brexit is a chance to deregulate a lot of our businesses, including agri-food. To what extent will the UK be required to apply the same EU standards on food, animal welfare, phyto-protection, and so on, to continue trading in the single market? If we had equivalence, would that be adequate? What would be the response of the EU and the WTO? Could we have higher standards than the EU? Lastly, as a slight outlier, could we continue to rely on the European Food Standards Authority?

Professor Alan Matthews: The last question is relatively simple to answer and I think the answer is no. My understanding is that there is provision for third countries to participate in the work of the EFSA. This was an issue with the potential accession of various new members into the European Union, but the condition is that these countries have accepted the basic food law of the European Union and are working towards implementing it. Clearly, that would not be the case for the UK, so I do not see it as a possible option. You would want to establish close links, and there may be ways of doing that, but I do not see the UK remaining a member of the EFSA and being able to participate in its work directly.

On the general issue that you raise about the UK's freedom to set its own standards, my answer to that is, yes, that is the big advantage—if you see it that way—from leaving the European Union. However, for normal commercial reasons one would want to take into account the impact on trade of setting standards. Joe has already referred to the fact that there are international standard-setting bodies and the UK would presumably want to look at what standards have come from these bodies. I referred earlier to what I saw as the need to try to establish close regulatory co-operation in specific areas. I would point perhaps to two examples in United States-EU trade where we have already a Veterinary Equivalence Agreement and an Organic Equivalence Agreement. That allows organic products certified in the US to be sold as organic in the EU, and vice versa. One could imagine that any free trade agreement would have side agreements that might try to develop on that kind of idea. Of course, it also imposes a certain restriction on what the UK may do, but you would do that voluntarily in a sense as part of signing up to these agreements.

Professor Joseph McMahon: I was thinking that the UK should use Brexit as an opportunity to look at some of the more controversial SPS and TBT measures that are proposed by the EU where the scientific justification is not particularly appropriate, or may be wrong. At present, there are a number of complaints in the WTO, before the SPS and/or the TBT committees, in particular on things such as the Novel Foods Regulation, where goods have been eaten in South America for generations, are currently being exported to the United States and Japan but are refused in the UK because they are not safe according to EU legislation. There is also a trade restriction in relation to endocrine

disruptors. You may wish to look at those areas of specific trade concerns and ask, "Are these the sorts of regulations we wish to follow?"

I differ from Alan in that I would hope that the UK would become an observer at the EFSA and its bodies in much the same way as Switzerland is an observer in those bodies.

Lord Rooker: If, in order to continue trading in the single market, we follow as closely as possible the EU food Regulations on import-export, safety, labelling and everything else but we are not in the EU, given that some of the EU rules are, let us face it, anticompetitive, we are then vulnerable to attack by the WTO members, are we not? The novel foods issue that you raised is interesting in a way, because—I have not picked up the safety issue—it relates to foods that have not been used or manufactured within the EU in the past, which makes them novel, and sometimes that is why they say no: because they have not been here before.

Professor Joseph McMahon: Again, that is part of the argument where I think you should look at specific trade concerns and the SPS measures that have been adopted. If there is wholesale adoption of EU legislation and particularly legislation that is controversial, you are then, as separate members of the WTO, equally liable for that legislation. However, if you were to think to yourself, "No, we want to accept Peruvian food that has been eaten in Peru for the last thousand years. We've sent it to our food safety authority and it's safe", that is fine. I would do that. Again, you have to look through some of the more controversial Regulations and see where to go with them.

The Chairman: If you wanted to bring any of those in particular to our notice following this session in written evidence, I am sure, Professor McMahon, that we would be delighted to consider them. The Duke of Montrose.

Q40 **Duke of Montrose:** First, I will declare my interest as a livestock farmer in an area of natural constraint, having been so for the last 50 years, and as president of the National Sheep Association. I think Professor McMahon has already answered the question on the paper. Which of the EU's FTAs with other countries include agriculture? Will the UK be able to negotiate continued access to these agreements?

Could I add a little rider? The question of the New Zealand lamb quota was a very hot topic in the negotiation for our access to the EU. Is there a danger that the EU might wish to renege on that New Zealand quota and say, "That's your problem. Will the UK please sort it out?"

Professor Alan Matthews: This, again, relates to the specific and tricky issue of tariff rate quotas in the UK Schedule and whether it will be possible. One way that has been proposed is that the EU and the UK somehow split the EU 28 Schedule, and you could see that on certain products it could be negotiated that the UK takes proportionately more, because traditionally it has been the main market for the TRQ imports,

and vice versa. Processors are also involved that may have interest in retaining access to low-cost imports through a TRQ.

In earlier evidence we threw a bit of doubt on whether the idea that the two of us simply agree to split it up and present that to the other WTO members would be acceptable to them. It seems to me that that is different from splitting up the EU 28's aggregate measurement of support, the domestic support ceiling, because in that case the EU would be saying unilaterally, "We are prepared to accept a lower ceiling", and then it would be up to the UK to get the agreement of the other members that it was in a sense entitled to that share of the EU ceiling.

In the case of tariff rate quotas, other members might say, "Look, the UK is now leaving us, so we feel we are entitled to lower our overall tariff rate quota, because this third party will compensate and maintain your balance of concessions". I think other countries might well find that a rather unusual procedure and, as Joe has already pointed out, might object to what they see as an increase in protectionism when, in fact, the whole thrust is to try to remove protection. The idea that we will be able to arrive at the UK Schedule for tariff rate quotas through sharing the existing one, I say to the Committee, may not be the right way or an acceptable way to go.

Professor Joseph McMahon: One point: I find it really interesting that in the latest EU notification on export subsidies they exported 1.3 million tonnes of sugar, which is exactly the same amount of sugar that was imported by the UK under the Commonwealth Sugar Agreement up until 1973. Curious things interest me.

The Chairman: Indeed. A circular economy. I want to get to the heart of that last question again, very quickly. You said earlier that trying to do deals with countries that already had deals with the EU is a priority.

Professor Joseph McMahon: It is possible.

The Chairman: The way we are talking about it sounds as if that will still be as difficult as everything else.

Professor Joseph McMahon: It will take time. That is why I made the argument in relation to mixed agreements.

The Chairman: I wanted to come to mixed agreements. We deal with mixed agreements here on occasions, and they have a UK signature as well as an EU signature, because they are mixed agreements.

Professor Joseph McMahon: Yes, and they have to be ratified in this House.

The Chairman: Yes, indeed. Looking at it in a very straightforward way, I would say, "Hang on a minute. The UK has a bilateral deal already". Why does that not stand, and stay there?

Professor Joseph McMahon: It cannot stand there, because it has a bilateral deal in areas where the UK has exclusive competence. It has a multilateral deal in areas where the EU has exclusive competence. What is interesting about this, of course, is that the areas in which the EU has competence will become the areas in which the UK has competence post-Brexit.

The Chairman: I am sorry to press you on this, but the signature of the UK can only relate to the areas that the EU does not have exclusive competence over.

Professor Joseph McMahon: No. Under international law it relates to the entire agreement. Under international law you do not sign parts of an agreement; you sign a treaty.

The Chairman: Exactly.

Professor Joseph McMahon: I think it is under Article 9 of the Vienna Convention on the Law of Treaties.

The Chairman: We are breaking free. We are there, are we not?

Professor Joseph McMahon: Whether or not we are there yet is an interesting legal question, because the UK did not have competence to sign but it has signed. It is an interesting legal question.

The Chairman: That is very interesting. Lord Rooker.

Q41 **Lord Rooker:** I have a question about free trade agreements with some of the leading exporters in the world. Going back to what was said earlier, there was a time—I am not up to date with the figures—when the UK had as many sheep as the rest of the EU put together. I was always curious and wanted to ask, “Why the hell don’t they grow sheep?” Why should the EU accept millions of our carcasses? What is to stop them doing it themselves?

Professor Joseph McMahon: The succinct answer, before Alan gets there, is absolutely nothing, in my opinion.

Professor Alan Matthews: If you look at the profitability of sheep farming in the UK you might get an answer.

Lord Rooker: Okay. I accept that. New Zealand has half the sheep population it had 20 years ago but still sends out the same amount of sheep meat, because it is so much more efficient than we are.

If we take the United States, Australia, New Zealand—Turkey is also an add-on, but it is not a member of the EU—can the UK can learn from those four major trading countries on negotiating a free trade agreement with the EU, or perhaps learn different things from each of those countries, or not?

Professor Alan Matthews: With respect to the design of the agreement? Is that the point of the question?

Lord Rooker: In the area of agricultural produce and food, does anything jump out that we can learn from those countries, or are we going to have to use our own wits?

Professor Joseph McMahon: New Zealand has been singularly successful in areas where it is highly efficient, I believe. In areas where it is not as efficient it has not raced into free trade agreements.

Lord Rooker: About a year ago we had the current High Commissioner here, who explained the things that happen there.

Professor Joseph McMahon: Again, it has focused on what it is good at in markets where it knows there is a market for it.

The Chairman: We have one area I wanted to check out. How realistic is it for the UK to adopt EU current Most Favoured Nation tariffs through the Great Repeal Bill? Does the Great Repeal Bill have to do something in this area? We have a cliff edge, do we not? As soon as we stop being a member of the European Union in March 2019, everything breaks, does it not?

Professor Joseph McMahon: Surely the Great Repeal Bill will automatically bring the common external tariff into UK law, because the common external tariff is based on an EU Regulation. The purpose of the Great Repeal Bill is to bring existing EU Regulations into UK law until they are amended.

The Chairman: That is what should happen?

Professor Joseph McMahon: Hopefully.

Viscount Ullswater: It retains the status quo.

Professor Joseph McMahon: It retains the status quo.

The Chairman: My question is: can we do that unilaterally, given our then hopefully full membership of the WTO?

Professor Joseph McMahon: All you are doing is changing the designation from EU law into UK law. The purpose of the Great Repeal Bill is to repeal the European Communities Act, which declared, in Section 2(3), that Regulations are automatically part of the domestic legal system.

The Chairman: Thank you. Professors, can I thank you very much indeed? It has been quite a long and detailed session. We, too, will go through the transcript ourselves in great detail. Thank you very much indeed for going through this with us. This is an absolutely core part of Brexit and agriculture, and one that probably even the industry, let alone parliamentarians, has to come to up to speed on very quickly. Thank you very much for helping us in that process. I end the public session at this point.