

European Scrutiny and Environment Food and Rural Affairs Committees

Oral evidence: [Brexit: Agriculture and fisheries](#), HC 1074

Wednesday 8 March 2017

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Members present: Sir William Cash (Chair), Alan Brown, Chris Davies, Richard Drax, Kate Green, Kate Hoey, Craig Mackinlay, Dr Paul Monaghan, Neil Parish, Ms Margaret Ritchie, David Simpson, Angela Smith, Rishi Sunak and Mr Andrew Turner

Questions 1-80

Witnesses

[I](#): George Eustice MP, Minister for State in Agriculture, Fisheries and Food Department for Environment, Food and Rural Affairs, Mike Rowe, Deputy Director for Future Agricultural Policy and the CAP, and Nigel Gooding, Deputy Director for Fisheries and Conservation.

Examination of witnesses

Witnesses: George Eustice MP, Mike Rowe and Nigel Gooding.

Chair: Could I welcome you, Minister? You have double billing. You had your Conservative Party slot on television last night for the party's policy on leaving the EU. You have had that exposure and now you are going to answer our questions, I am sure. I will ask the first question. Before I do that, I would like to say, for the sake of anybody who is listening in or observing on television, that we here have got a Joint Committee. We have Neil Parish, who is the Chair of the EFRA Committee, and other members of his Committee. We have members of our Committee as well, so it is a Joint Committee. What we are going to try to do, because they have special expertise in relation to those questions within the framework of the functions of the Department, is to give them a greater opportunity to ask the questions of you, Minister.

Richard Drax: Chair, before we start, may I refer the Committee to the register of Members' interests?

Q1 **Chair:** That is very kind of you. Thank you very much indeed. The first question is as follows: the policy areas for which you have responsibility, Minister, will be particularly affected by Brexit. What has the Department done to ensure that it has sufficient resources to manage the workload, including effective engagement with both Houses—Commons and Lords—in relation to ongoing European scrutiny?

George Eustice: The first thing to say is that we have been looking since the referendum result very closely at future policy and some of the issues. There has been an enormous amount of detailed analysis going on, on trade, fisheries policy and what the options might be in future. There has been lots of scoping work on trying to learn lessons on future agriculture policy by looking at what other countries are doing.

There is a vast amount of analysis that is going on. We have redeployed people within the civil service to help deal with this task. It is fair to say that in a department like Defra, where 80% of our regulations come from the European Union and where we account for something like 45% of all EU law on the statute book, this is a very important area for us. Every part of the Defra machine is engaged on it.

To help with that task we have pulled additional staff in from some of our agencies. We have got lots of incredibly detailed specialist expertise in everything from Cefas on fisheries, the Marine Management organisation, Natural England and others. We are pulling some of that technical expertise back to help us do some of the analysis on policy.

On the parliamentary front, I am regularly appearing in front of Committees like this. Indeed, I was in front of the House of Lords Committee doing an inquiry on agriculture just this morning. I took part



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in a House of Lords inquiry on fisheries at the end of last year. I am also holding quite a large number of one-to-one meetings with Members of Parliament who have quite specific ideas and a specific interest in any of these areas. That is also with groups such as the APPG on fisheries and the APPG on agriculture as well.

Chair: Could I mention that of course many of these issues, which are so important post-Brexit, do arise in relation to what goes on in COREPER and UKRep? Those are, for the sake of the audience, the Committee of Permanent Representatives in Brussels and our representation in Brussels with regards to the officials from the various Government Departments. Naturally, we are going to have a different policy after we have left the European Union. Are you giving any advice as to how they should handle questions post-Brexit but beforehand, in other words for matters that are now in the pipeline, so that officials who are negotiating on our behalf in relation to stuff that is going through the pipeline should be advised that they should take particular positions, having regard to the fact that at the end of the process of Brexit we will be in a new world? We do not want to be stuck with stuff unnecessarily that at the moment would have been dealt with by consensus, for example. Could you give us some insight as to your thinking on that, and in relation to expansion memoranda that you will be producing.

George Eustice: We work very closely with the UKRep team as Defra, as the Department that probably does more in Brussels than anyone else. That is now, in machinery of government terms, part of the Department for Exiting the European Union. David Davis and his team have responsibility for oversight of UKRep. It is fair to say that the general position is that, while we remain in the EU, we will still abide by all of the obligations. We are still playing our part at the table as we discuss dossiers and emerging policy. We are still fulfilling our role as a member of the European Union in the usual way.

There is beyond that probably a bit of a difference between live issues that are coming down the tracks now that are moving towards conclusion and, perhaps, the early consideration of dossiers that may, for instance, still be a good five years or more from fruition. In those instances it probably does not look right for us to have too much of an assertive view of what they might do in 2022 or 2023. We will sometimes express a view, but certainly on immediate things that are reaching agreement now, we are playing a very active, fully engaged part.

Q2 **Chair:** Sir Ivan Rogers appeared in front of this Committee a few weeks ago. He suggested that the development of positions regarding ongoing EU policy up to the moment that he had left had slowed down since the referendum. What I would like to hear from you is whether you have had any experience of that problem. In other words, have you found that in your relations with the Brexit Department or, for that matter, any other matters—that the attention has not been quite as good as it should have been, or are you quite happy that you are completely on top of it and



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everything is going reasonably smoothly or very smoothly?

George Eustice: It is the latter. I have not seen anything to corroborate the type of thing that Sir Ivan might have been referring to. Indeed, in the last week, I have had meetings with my opposite number in Germany to talk about concerns around the way the organics regulation is going again. That is where the Commission are trying to get additional requirements, which both we and Germany do not agree with. I have signed off voting positions on various EU dossiers this week, some of which are very narrow, technical points. I have not noticed any difference in the approach that we are taking to these things in that we are regularly signing off positions.

Q3 **Chair:** There are circumstances in which we might vote against something as compared to previously where we will have automatically gone for a consensus.

George Eustice: I am not sure that we always automatically went for a consensus. There is this quirk of the way the EU voting system works, which is to all intents and purposes the impact of an abstention is the same as a vote against. In the emergence of these dossiers we may not be entirely happy with where a position has ended up. However, in recognition of the fact that there may have been one or two concessions in our direction in one or two areas we will often for good grace go for an abstention. That is sometimes seen as a more collegiate way of delivering the same impact in terms of your vote.

Chair: I now introduce the Chair of the EFRA Committee. He is going to ask the next question.

Q4 **Neil Parish:** I do not think you need to introduce me to George, but thank you, Bill. Minister, it is good to see you here and it is good to have two Committees for the price of one, isn't it? You do not have to answer that one. When we do negotiations now, coming out of the EU, and when we are doing trade deals, are you confident that the high welfare standards that you have very much endorsed, greater access to fish and making sure that the food manufacturing industry, which is 15% of our economy along with food production, gets the real clout as those negotiations are done?

Here we sit in London. The City of London is very powerful, as is the financial sector and the car industry. Are you confident that you as a Minister, the Secretary of State and your Department are going to be in there when those negotiations are taking place, banging the table to make sure that we get a good deal for agriculture and fish?

George Eustice: Yes. In fact, I would say that right across Government there is a real recognition, for the reasons that I explained at the beginning, that 80% of the laws that we deal with in Defra are EU laws. Around 45% of the entire stock of EU law falls within the remit of Defra. You have two huge flagship EU policies, the common agricultural policy and the common fisheries policy, which we are about to exit, and where



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we will need to put in place domestic arrangements. There is a real recognition right across Government that EU exit has a huge impact on a Department like Defra. What I am picking up from all ministerial colleagues, and indeed from civil servants in other Departments, is that they are looking to Defra for answers on these issues. They want to engage the expertise that we have in Defra to ensure that we get this right. Ministerial colleagues in the Department for Exiting the European Union are very keen to understand what we want to do after we leave the EU. That is so that during the course of the negotiations they do not compromise anything that we want to do afterwards.

Q5 Neil Parish: What do you do when the negotiation is going on and the Treasury says, "Agriculture costs us money and the financial sector earns us money." When we are doing this negotiation, how are you confident that agriculture and fisheries is really going to be at the forefront? Surely you are going to be on the back foot from the start.

George Eustice: I do not accept that because food and farming is our biggest manufacturing industry in the country. It is worth £100 billion a year. It is bigger than automotives and aerospace put together, so it is a huge industry.

Q6 Neil Parish: I do not ever question your commitment and your ability. That is not the question. The question is how the Department, the Secretary of State and you are going to stand up to the pressures of those that want to do a deal for the City of London, the car industry and the financial sector. I am worried that agriculture and fisheries will not get its fair share. It has not necessarily done so in the past in trade deals.

George Eustice: In the past, responsibility for agriculture and fisheries has simply been ceded to the EU. It is not surprising that this place, Parliament, has spent less time considering these issues than it otherwise might have done because it has not been responsible for them, and policy has been set elsewhere. When you take back control, as people like me said we wanted to during the referendum, you also take back responsibility. That is a responsibility to get these things right and to strike the right balance, and that means getting the right perspective on things as well.

As I said, food is our largest manufacturing industry in this country. That needs to be recognised. It is an important industry. Ultimately, the tensions that you describe are the type of thing that our cabinet system of Government is designed to deal with. Cabinet will make final decisions about what the future of agriculture policy looks like. Cabinet will not do anything unless it thinks it can get it through Parliament, and Parliament will no doubt be very vocal on all of these issues. There will be a balance to be struck that will come out of that process in the usual way.

Neil Parish: I hope the balance is in the right direction, Minister. You quite rightly are very keen on a trade deal where on animal welfare



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grounds we keep our high standards, and we try to resist product coming in from elsewhere in the world that has not met those standards. I will take one issue, and that is the chicken dipped in chlorine in the United States. They are actually perfectly safe to eat. I am not particularly keen on eating them, but they are perfectly safe to eat. Therefore, they are actually produced under lower welfare standards with high density and less biosecurity, and are dipped in chlorine to be safe to eat when you have finished. I am not convinced under a trade deal with America that you would be able to keep that chicken out. You might be able to market it in a slightly different way, but after a while the consumer would decide, "There is a cheaper chicken; we will eat it." What happens then? Do we drive our standards down, or do we put ourselves out of production? I would be very keen on an answer on that, please.

George Eustice: The only thing I would say is that we have a manifesto commitment as the Conservative Party to promote high standards and animal welfare in all trade deals. Every Conservative MP, whether they are Ministers or backbenchers, stood on that manifesto, and it is something that we intend to deliver.

Q7 **Neil Parish:** The question is quite clear: can you, under trade rules, stop that product coming in? I have a lot of experience with this in the European Union, and it is not easy under trade rules. Are you confident that that chicken will not come in here, because it is perfectly safe to eat?

George Eustice: There will be an issue to consider when we get to a trade deal. The first thing to say is that once we trigger article 50, chronologically the first thing that we need to do is to agree a free trade agreement with the European Union. The Prime Minister has been clear that she wants a bold, ambitious and comprehensive customs agreement with the EU. That is the negotiation that comes down the track first. Although we can have preliminary discussions with other third countries outside the EU, the reality is that until we have concluded our exit from the EU, the single most important element of which will be working out what a new customs agreement looks like as part of those exit negotiations, we will not even be commencing any formal negotiations with other countries. I know there is always a lot of interest and media speculation around these things, but first and foremost we will be doing a free trade agreement with the EU.

There will then be a discussion if we decided, for instance, to open discussions with, say for the sake of argument, the United States. We would have to give a consideration to things such as consumer acceptability of certain practices. The reality is we have been on a slightly different path to the US on food standards and food safety since the time of BSE.

We in the UK in the last 20 years have put more emphasis on food provenance and wanting to know where food comes from, greater emphasis on animal welfare and food standards, and trying to add value through regional marketing and niche marketing. The US has tended to



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rely much more on lower-cost production. We have been on a slightly different journey. TTIP negotiations were contentious enough. We would obviously have to weigh up consumer acceptability.

Q8 Neil Parish: I do not want to labour it, and I wish you well with the EU negotiation, but you have probably largely answered my question by saying that it is probably going to have to be more consumer resistance than it is going to be trade resistance. I do not think you are going to be able to stop it from a trade point of view.

George Eustice: Let me pick this up from a legal perspective, because I always think with these things that if you can sort the politics out you can get the lawyers in the room and tell them to sort out the legal stuff. If you want the legal position, it is true that under WTO rules they can be resistant to recognising animal welfare. That is largely a weakness in the way the rules were drafted in the first place in that they do not recognise animal welfare as a public good in the way that you might do the same for the environment.

We are not going to change that overnight obviously. That said there have also been test cases, for instance, around banning the trade in seal furs that was held as legitimate under WTO rules using public morals or ethics as an argument. There are some examples where animal welfare has been recognised by the WTO as a legitimate—

Neil Parish: I wish you well in your negotiations.

Q9 Angela Smith: Moving on slightly from that, we all know of course that the agricultural sector has many aspects and facets to it, Minister. We have the horticultural sector. We have arable farming, livestock farming and then of course there is upland hill farming, which is very different from lowland farming. We have many different sides to agricultural practice. Using New Zealand as an example, are you confident that you can protect the minorities in the agricultural sector such as the hill farmers when it comes to doing trade deals? For instance, with New Zealand will you sacrifice the interests of our sheep farmers in the uplands in the interests of getting a deal with New Zealand in relation to access for UK financial services? How confident are you, Minister, that we can avoid that outcome?

George Eustice: I would say the first point of any trade deal that we put in place, whether it is with New Zealand or anyone else, is we are going to want to balance some of these complex issues. That would be the interests of our own agriculture, the importance of rural communities and a willingness and desire to open up trade deals. In the case of New Zealand on lamb, it is important to recognise that they do not even use their tariff rate quota now.

In recent years, New Zealand has only used about 75% of their TRQ. The reason for that is that long before the tariff rate quota becomes a ceiling that restricts lamb coming in, they find that they cannot compete with Welsh lamb. That is because of the distances that they have to



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transport it, and when they look at it they have got more attractive markets in the Gulf and south-east Asia that are closer markets. They start at a big disadvantage of being an incredibly long way away.

I know that there is nervousness sometimes in the sheep sector, but I do think we can compete with New Zealand. We have a higher specification product that is better quality. The flavours on Welsh lamb are better and superior. In other elements, New Zealand is said to have the advantage; they are able to churn out volumes in greater consistency.

However, we should not keep talking ourselves out of thinking we can compete with a country like New Zealand. People can get a bit spooked by a sort of New Zealand haka dance on lamb production, and we should not allow that to happen. We have got very efficient sheep producers who I believe can compete, and I meet them all the time.

Q10 Angela Smith: I am reassured to some extent by that. The point is that at the end of the day we need a commitment from you, Minister, that you will be out there batting for every single aspect of our agricultural sector. You have just given a very robust defence of the sheep industry in relation to New Zealand, but are you confident that every single aspect of our agricultural sector can be equally as robustly defended when it comes to doing trade deals?

George Eustice: I worked in the agriculture industry for 10 years, as some of you know, so I am a big champion for the industry. I am not somebody who thinks that we can get by just by buying food on world markets and neglecting our own domestic production. It is important that we produce food in this country. We have some highly efficient and highly effective food producers. In some areas, we have very low food prices by international standards. I want us to have a very vibrant, successful agricultural industry, and I will be a champion for it. I have said that before and that is what I intend to do, for as long as I am doing this role.

Angela Smith: Warm words. You will be held to account on it.

Q11 Dr Monaghan: Minister, agriculture and fishery policies are devolved areas, as you know, for which the frameworks have largely been set by the EU. The Government have committed, in their Brexit White Paper, that "no decisions currently taken by the devolved Administrations will be removed from them." What is your vision for the allocation of responsibilities between the devolved Administrations and the UK Government post-Brexit?

George Eustice: I am going to be very honest with the Committee, and it will not surprise you that the decision on this has not been taken. The truth about this is the Prime Minister will lead on these discussions with the devolved Administrations. The principle that she has outlined is absolutely right: to reassure people that we are not going to be taking away any of the decision-making that they already have. In the case of



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agriculture and fisheries that is predominantly around implementation and the flexibility to implement different options in the way that they want to within each devolved Administration.

The bit that we need to address and frankly have a grown-up conversation about is what we do with those powers that return from Brussels, which ones are best kept to maintain a UK framework, so that you protect the integrity of the UK single market, and which ones you could actually use to say, "Devolved Administrations can take on responsibility in these areas and we are not going to be prescriptive through some UK framework." The emerging consensus is that there needs to be some sort of UK framework; otherwise, you could have a situation where England decides to place a huge headage subsidy for land producers in Cumbria that would place Scottish producers at a massive disadvantage and distort the market. You want to avoid market-distorting policy variation of that sort.

If it were a case of saying, when it comes to the agri-environment scheme, that the environmental challenges we have in Wales are very different to Cambridgeshire, which in turn is very different to Scotland, then giving each devolved Administration in those areas the ability to design schemes that really work in their geographies makes a great deal of sense, and that is what we would want to try to preserve.

Q12 Dr Monaghan: The devolution settlement for Scotland, Wales and Northern Ireland currently suggests that policies that sit with the EU are implicitly devolved to the devolved Administrations. If and when the UK leaves the EU, one would automatically expect those policy areas to be devolved. That is written into the devolved constitutional settlements, I believe. Are you saying that you will have to rewrite, for example, the Scotland Act before you will take forward any kind of new framework across the UK? How do you intend to negotiate with the Scottish Parliament, for example, to achieve a suitable outcome?

George Eustice: In terms of working with the devolved Administrations, we are having regular meetings—approximately one a month—with opposite numbers in the relevant environment departments. I met with Fergus Ewing this week in the European Council. The Secretary of State met him and other devolved Ministers last week. We are having regular meetings and dialogue with those devolved Administrations.

I am afraid the legal question you pose around what happens with us leaving the EU to powers that are currently in the EU is a legal question, which the Department for Exiting the European Union and others are addressing. The Prime Minister has made clear she is going work very closely with the devolved Administrations in developing an answer to that. We have not resolved that issue at this stage.

As I said, I think there is a consensus. It is important to recognise that the devolved settlement we have now presumed that we would be staying in the EU. We are now not staying in the EU. I think there is a



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consensus there that there probably has to be some kind of framework, but the exact shape of that is something that is yet to be determined.

Q13 Dr Monaghan: Would you impose a settlement with Scotland, Wales and Northern Ireland?

George Eustice: Ultimately, if you look at the Supreme Court judgment then the issues around Brexit are predominantly one for the UK Parliament. The devolution settlement has its authority through the UK Parliament. There are legal issues here that I am afraid I am not an expert in, and if you wanted an expert in that, I would advise you to get somebody from the Department for Exiting the European Union. They are looking at these types of issues.

Q14 Dr Monaghan: With respect, I do not think they are just legal issues; they are policy issues as well. It will be up to the UK Government to decide whether they wish to impose a settlement on the devolved nations, or whether they wish to negotiate a satisfactory outcome with the devolved nations. That is really the question.

George Eustice: The Prime Minister has made clear that she is going to work with the devolved Administrations in the design of a post-Brexit architecture. She has made that very clear on many occasions, and I am regularly meeting opposite numbers in the devolved Administrations, as is the Secretary of State.

Q15 Dr Monaghan: Do you accept that the imposition of a settlement might be an outcome that the Prime Minister would want to take forward?

George Eustice: I am not getting into that because I do not even—it would be better if we could all work together and agree things, and that is the offer that the Prime Minister is making.

Q16 Dr Monaghan: This is a crucial question, Minister. You must realise that. These industries are of vital importance to Scotland in particular, I would suggest. The fact that there is nothing concrete coming from the UK Government at this point in time is creating uncertainty, is creating doubt, and is damaging the industries in Scotland. We would in Scotland like some firm answers to this. We want to know whether the settlement will be negotiated and whether it will be acceptable to people in Scotland and the Scottish industries. I imagine the questions will be the same in the devolved nations, or whether a settlement will be imposed against, for example, the Scotland Act.

George Eustice: These are constitutional issues that the Prime Minister is going to lead on. She has been very clear that she is going to work with all of the devolved Administrations, as we work a way forward on this.

Q17 Angela Smith: I absolutely take the point about the need for a framework and agree with that, as someone who believes in the union, of course. I want to turn to fisheries for a moment. Can I ask the Minister:



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am I right in assuming that in the fisheries sector the relationship between the fishery fleets themselves and the supply chain is very complex?

For instance, as far as I know, 70% of the fish processed in the UK goes through the Humber ports. That is where I come from, and I am from a fishing family. In that sense, it is not a straightforward picture. The realities of the fishing industry, with all its supply chain included, make it very difficult to talk about devolving responsibilities in relation to this sector in the way that perhaps some people would want.

George Eustice: That is absolutely right. The fishing industry would still want international negotiations on fishery matters to be UK-wide, so that they get the strength of the UK negotiating position. When it comes to the complexity of the supply chain, there has always been, broadly speaking, a situation on fisheries that we export the fish that we catch. Large volumes of mackerel are exported right around the world, including in the European countries.

However, we import vast amounts of cod from Iceland and Norway. Indeed, a lot of the fish processing that you refer to around Humberside and that whole area there, we basically process that and export, but it is imported from Iceland in the first place under the preferential trade deal. We have a good example in fisheries of quite integrated supply chains and large volumes of trade taking place with a country that is outside the customs union.

Q18 **Chris Davies:** Going back to the devolved nations, I have got farmers in Brecon and Radnorshire who own land in Shropshire and Herefordshire, and their farms cross the border. Therefore, we are very mindful that there should be a national framework. All the devolved nations, I hope, would be agreeing to that. We have already heard from my esteemed colleague across there that it seems to be that the UK are taking the lead, but also criticising because you are taking the lead. Somebody has to. I am wondering in your negotiations and discussions with Ministers from devolved nations, how receptive and co-operative are they to the British Government wanting to take this forward?

George Eustice: We are working obviously with all the devolved Administrations but also crucially working directly with industry representatives in all of the devolved nations. I stress that we have made no decision whatsoever about what arrangements would be. It is an important decision to get right, and we will be engaging with the devolved nations. NFU Scotland, for instance, I know have made one proposal, which is that you could have different UK modules on things like the environment, productivity and risk management. You could then allow the devolveds to buy into the different modules to varying degrees, so that they could do more of the things they wanted and fewer of the things that were less important to them.



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Their idea is that you could have quite a flexible framework that would enable the devolveds to pursue their policy preferences. However, there would be parameters so that you did not get anticompetitive or market-distorting policies developing. That is one interesting idea that has come from NFU Scotland, and there will be, I am sure, many other similar models and ideas that we will be hearing about in the months ahead.

Q19 Chris Davies: Could I just push the Minister on the co-operativeness from other Ministers?

George Eustice: I see what you are inviting me to do. I have a good relationship with all of the devolved Administrations. It is no secret that some are more committed to the union than others, but I will leave it at that. That said, I have very good working relationships. When it comes to Fergus Ewing, for instance, from the Scottish Government, we worked closely together at the December Fisheries Council. That is very important to Scotland, obviously. Equally, I work very closely with all of them. We probably at Defra do more work with the devolved Administrations than any other Department, just because of the nature of the negotiations that we have been doing in Brussels.

Mike Rowe: I was going to add that one of the key priorities for the Department is ensuring an orderly transition from day one of EU exit. You mentioned cross-border claims, and we need to work out how we manage those once we have left the European Union. That is likely to be midway through one of the scheme years that we have got under the current CAP. People from my team were in Belfast yesterday for a meeting with the paying agency directors. We have regular contact with officials, and we are really keen to try to make sure that we use the collective expertise from around the UK to make sure that we get that shopping list of all the issues that need to be resolved. That would allow farmers and land managers to know absolutely from day one of exit what they have to do to comply with the rules in order to get the payments that they will be entitled to.

Q20 David Simpson: You are very welcome, Minister. It is good to see you again. Could I also refer the Committee to my Member's interests as well? What efforts are you making to protect the interests of the Northern Ireland agri-food sector in discussions over the future arrangements for trade in the island of Ireland?

George Eustice: The Government recognise that this issue of the land border between the Irish Republic and Northern Ireland is a crucially important one. The work on this again is being led by the Department for Exiting the European Union, working very closely with the Northern Ireland Office. They are doing some thought in this area. I understand, for instance, that they have been looking at models elsewhere in the world.



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We are looking at the approach in NAFTA, where you have not got a customs union but there are some quite complex supply chain arrangements that they manage to facilitate in a way that is not too bureaucratic, and we are looking at other similar models from elsewhere in the world. All I can reassure you is that we absolutely recognise that this is a crucial challenge that we have to get right. It is getting the priority that it deserves from DExEU and the Northern Ireland Office. They are looking at options such as digital technology and how that can improve things, make it easier and reduce any bureaucracy, so that you could have a soft border, as it were.

I am not as closely involved in the detail of that because, while there are agricultural issues that we are flagging and important supply chains that we are flagging with the Department for Exiting the EU, the challenge we are dealing with is one that is common to all industries. It is one that the Department for Exiting the EU lead on.

Q21 David Simpson: I know that article 50 has not been implemented yet, and hopefully that will happen towards the end of this month. In talks and discussions that you have had with your equivalent in the island of Ireland, are you at liberty to give us any information of those discussions; while they are not negotiations, they are discussions. I assume they are on the same wavelength: that there are concerns about a hard border in the sense of going back to what we had, which I do not think will happen. Can you give us any indication coming from the island of Ireland as well?

George Eustice: Obviously, in Northern Ireland, with the elections, there is a bit of a hiatus there at the moment. I was working very closely with Michelle McIlveen on these issues. They put together their own initial paper with some initial thoughts on agriculture in Northern Ireland, and some thoughts on support for it. Also, that dealt with the issue of the importance of cross-border trade and some of those complex supply chains. They did an initial paper that they published a couple of weeks ago that set out some of their initial thoughts around the changes. We look forward to working closely with them.

There are some, in the agricultural context, unique issues around the island-of-Ireland approach that is taken, for instance, on disease surveillance and managing the outbreak of exotic diseases. We have an approach that is GB-wide for managing disease outbreaks, whereas Northern Ireland has an approach that is much more joined up with the Irish Republic, which makes sense because it is a single island. There are one or two other areas as well where they do co-operate already on an island-of-Ireland basis.

Q22 Ms Ritchie: Last week, the Irish Parliament's Committee on Agriculture, Food and Marine concluded that a return of border controls in any form would present a serious challenge for the Irish and Northern Irish agri-food sectors. Some weeks ago, whenever the Prime Minister visited Dublin, both she and the Irish Prime Minister, Enda Kenny, stated that



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they wanted to see a “frictionless border”. Obviously, agriculture is key to both economies, particularly at a time where we do not have an Administration in Northern Ireland and there is little likelihood of it at the moment. What is your understanding of what is meant by that term, “frictionless border”? To further develop the point made by my colleague, Mr Simpson, what actual discussions are ongoing, as I understood from the Irish Minister for Agriculture, between Britain and Ireland and between north and south, to ensure that there is that free movement of agricultural produce, which benefits both Britain and Ireland economically and financially?

George Eustice: There will be two elements to that. One will come down, frankly, to the nature of the customs agreement that is put in place—the free trade agreement with the EU. The Prime Minister has made very clear that she wants a bold, ambitious, comprehensive free trade agreement. While we will be outside the common external tariff, we want a very close customs agreement that preserves some of the features that might be there, if you like, from the current customs union.

When people talk of a frictionless border and a frictionless trade agreement, the emphasis there is on ensuring continuity. That would ensure that we can have free trade there, while not being full members of the single market and not full members of the customs union as it is designed today. There are ways of doing that. As I mentioned earlier, I know that the Department for Exiting the EU are looking at issues such as examples from other parts of the world where there are complex supply chains across national borders between countries that are not in a customs union together, and we are seeing what we can learn from those as we design an approach that can make that border work.

Q23 **Ms Ritchie:** Minister, could you give us further detail on what the elements are of those discussions and with whom? What is the content of those discussions about formulating a new customs agreement that would achieve that frictionless border?

George Eustice: The new free trade agreement will ultimately be led by the Department for Exiting the EU and the Department for International Trade, so David Davis and Liam Fox. We are feeding into that as Defra because of the specific agricultural issues. We are making sure that they are aware of the issues that we have, including the issues in Northern Ireland where there is quite a large cross-border trade in both beef and dairy products, for instance, and where things are often processed on the other half of the border from where they were raised.

Q24 **Ms Ritchie:** Given the fact that we do not have an Administration in Northern Ireland, who is representing those particular interests at the moment?

George Eustice: We hope with the elections that have taken place that it will be possible to form an Administration. I am afraid you are straying into areas that are well beyond my remit. The answer is that James



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Brokenshire is working very closely on these issues to try to get a resolution to the current impasse that we have in Northern Ireland.

- Q25 **Neil Parish:** I want to emphasise—and I am sure you are aware of it, Minister—that the situation between the north and south of Ireland is almost, from a processing point of view and farming point of view, like that of one country in that respect, and people move around all the time. It will be absolutely essential, not only from a peace point of view but from a trade point of view. I have not got the figures in my head, but a massive amount of food comes from the Republic of Ireland into Northern Ireland and then into the rest of the UK. It is a massive issue, and I am sure that you are aware of that. It is one I am sure will need to have special attention. I know the Irish are always special, but on this occasion I think it will need special attention.

George Eustice: There is an important point here that, for the Irish Republic, it really matters to them to have that comprehensive free trade agreement. It matters greatly to France, Holland and Spain. The farmers' unions in all of these countries in the last two weeks have been lobbying their Governments to say, "You must secure access to the UK market for us." It cuts both ways. There is a tendency I find sometimes for people to say, "We must still have a free trade agreement," but it is also in their interest, not least because we have a substantial trade deficit in food and drink products.

- Q26 **Neil Parish:** The point I want to make as far as the processing industry in Northern Ireland and the Republic is concerned is that the meat and the product just passes in and out of the border all of the time at the moment. It is whether that is going to be able to happen in the future.

George Eustice: That is exactly the type of issue that is being worked on, to ensure that we can make that border be as frictionless as possible.

- Q27 **Kate Hoey:** Thank you, Minister. Just before I ask the question, your Department obviously has more dealings with the EU practically than any other Department. Do you ever sit and visualise what it might be like in five years' time to be a Minister in Defra?

Neil Parish: That is a long time in politics.

George Eustice: Yes. There is a reason why I campaigned to leave, and that is because I have seen for three years how frustrating and difficult it can sometimes be to get quite simple things done. There are problems with a pan-European centralised policy in areas such as agriculture. For me, the number one thing that we gain from leaving the EU, from an agricultural perspective, is the benefit that you gain from being able to pursue more coherent, better designed policies and the ability to be able to change things when they are not working. The difficulty we have with the EU is that, when you realise things are not working, you cannot get them changed; it can take forever to get a new CAP deal that itself does not really work right.



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The key thing we get is the agility to make policy and change policy and to make it a success. I often say that I have two types of meetings in Defra. I have the type of meeting where we can have a really invigorating conversation around a policy area and discuss the pros and cons and all sorts of different options. I then have the type of meeting where lawyers come in with lever-arch files and tell me that nothing can be done due to EU law. I enjoy the first type of meeting, but I do not enjoy the second type of meeting.

Q28 Kate Hoey: That is very helpful. I have a quick question on the agri-food sector, which is clearly hugely important in terms of the agreements that we get with the EU and outside when we leave. What are the real opportunities for the agri-food industry once we have left? Are there any downsides at all?

George Eustice: As I said, my own view is that the real opportunity for agriculture is the ability to have better policies that deliver for our environment, improve animal health and welfare outcomes, and support farmers to be more productive and therefore more competitive in the world. Those are the real opportunities.

There are opportunities when it comes to trade. There are also defensive risks, which we have touched on earlier, in some of these sectors. There are opportunities in sectors such as organic, where there is quite a bit of demand for premium products and organic products for UK produce in countries like the US. There are opportunities for our dairy industry. UK dairy is competitive and has the possibility of expanding in other markets in South America, North America and south-east Asia. There will be opportunities for us in trade as well in some sectors. There is some defensive risk, but my own view is that the immediate opportunity is the ability to have better policy.

Q29 Craig Mackinlay: Thank you, Minister. We will obviously be taking up our own place at the WTO table in due course. I know it is all a bit premature as we have not yet triggered article 50, but hopefully that will not be that far away. Has your Department had any thoughts as to how Britain re-takes its place at the WTO and how that might work? Have you done any work on that at all at this stage, or is it all a bit premature?

George Eustice: There is quite a bit of work going on around our WTO schedule. There are two areas related to agriculture that will matter in terms of the WTO in the first instance, which the Department for International Trade are leading on. The first is that we need to work out how we assign shares of the existing TRQs—the tariff-rate quotas. This is a challenge that is almost unique to agriculture in that, unlike any other sector, agriculture has this convention whereby you can have a tariff-free trade in a particular product line up to a certain ceiling. There are around 25 of these TRQs, as they are called, which are almost entirely agricultural commodities.



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We probably need to do some exercises around what are called technical rectifications and look at historic use of those TRQs during a reference period, and then allocate them between the UK and the EU. This will be important on things like New Zealand lamb, for instance.

The second area related to the WTO where we will probably take a similar approach is in the allocations that are allowed for the aggregate measures of support, which is effectively the ceiling that the WTO places on what you can spend by way of agricultural market support. That is where you have amber box, blue box and green box. In the same way, we would probably say, "Our share of the CAP budget is x, and therefore we should take x share of that AMS allocation for agricultural support."

Q30 Chair: Obviously, this is being televised, and I am therefore rather anxious that people who listen to it should understand these references. You have just mentioned AMS and TRQ. Could you just explain that, so that we can get it into context and people watching can actually understand it?

George Eustice: Yes, I touched on it but I might have glossed over it a bit too quickly. TRQ is a tariff-rate quota, and it is effectively a quota for the amount of an agricultural product that can enter a market, usually expressed in tonnes, which is tariff-free. Any trade over that then attracts quite significant tariffs. We have a TRQ of around 400,000 tonnes of New Zealand lamb for the EU, and the lion's share of that comes to the UK for historic reasons.

AMS is the aggregate market support, which is a kind of ceiling that the WTO places on the amount of subsidy and support that you can give to your agricultural industry.

Chair: We have complete confidence that you know what you are talking about, but we are also concerned that other people should understand it.

Q31 Alan Brown: Minister, I just want to ask a supplementary question on an answer that you gave earlier on. You suggested that you see an opportunity for dairy farmers because they are very competitive. I have dairy farmers in my constituency who would be delighted to hear how things are going to improve for them. As you know, in the current climate it has been very difficult over the past few years in terms of milk prices. I am wondering how they are going to benefit going forward. The suggestion is that being in the EU is an issue for them at the moment. Surely any free trade agreements that will be negotiated are going to leave things the same in terms of milk prices they will see in the supply chain. If you could elaborate on what the opportunities are for the dairy farmers, it would be very welcome.

George Eustice: I know that in Scotland they have had particular problems, in common actually with Cumbria and other parts of the north of England, in that the average prices that they were getting were even lower than the national average. It has been two incredibly difficult years



for the dairy industry due to global over-supply. It is not unique to the UK. New Zealand dairy farmers have been hit even harder than we have been in the UK. It has affected everybody globally. We are now seeing a recovery in prices, so they are back up to what you might call normal levels, but there is still quite a bit of work to do to help farmers recover their balance sheets after two difficult years, and I understand that.

In terms of the opportunities, though, we are already trying to open new markets for dairy in south-east Asia. We think there are real opportunities in the US. The United States does not have a particularly high-quality cheese market. Cheddar cheese is seen as a staple product there, but there is no premium to it. There is a real premium on British cheeses such as stilton and cheddar cheese sold in the US market. OMSCo, which is an organic milk supplier that does a lot of work on cheese in the US market, has been particularly successful at opening the market and selling UK organic cheese in the US market.

Q32 Richard Drax: Good afternoon, Minister. To be fair, having spent most of my time as an MP bashing the EU, I was just reading this here and I think that the UK Government should be congratulated—including yourself and your predecessor—for reforming the CFP, the discard ban, the multi-annual planning and the regionalisation, all of which has gone a long way away from the original thing, so perhaps a word of praise to you, and thank you for all you have done.

The fishermen down in my constituency in Dorset—and in those of many other colleagues here around the coast—have a vision of the future, shared by some in the leave campaign during the referendum, of getting the 200-mile median line limit back again in the channel. My instinct was to support that. What is your post-Brexit vision for the fishing industry? Of course I include Scotland and Ireland in that where they used to have massive fishing industries, as you well know. What is your vision so far as the UK is concerned once we leave?

George Eustice: The legal position is really quite clear. Sometimes people feel that this sounds radical, but it is actually quite straightforward. While we are in the EU, anything from 12 miles out is seen as a shared EU resource. Once you leave the European Union, the position in international law is very clear, and that is that we would take back control of our exclusive economic zone, which is out to 200 nautical miles or the median line. That is set out in the UN Convention on the Law of the Sea. Ironically, the convention of 200 nautical miles was established due to our defeat in the cod wars in the mid-1970s. After our defeat in the third cod war, it became established practice that 200 nautical miles was the exclusive economic zone.

That is uncontentious. That is what Norway does, as well as the Faroe Islands, Iceland and pretty much every other country in the world. That would be the legal baseline. The only thing after that—this is the “but”—is that the UN convention requires us to co-operate with other countries and to have some due regard for historic rights and historic



access. That means that, in practice, we will take back control of our EEZ and the median line, but there will then be a discussion—possibly an annual discussion, possibly something that is put on a more methodical footing but nevertheless a discussion—around the access that we might grant to other countries to our waters, the access that we might seek in their waters, the shares of the total allowable catch, what the levels of the total allowable catch are, and whether there will be protected areas for spawning grounds or nursing grounds for young fish. These are the types of things that will probably then become a feature of annual UK-EU negotiations.

- Q33 **Richard Drax:** You have just expressed and confirmed the fear of many fishermen in the country, which is that this will be bargained away. The 200-mile limit, which you rightly say should be re-installed, could be negotiated away. I have one thing here about the 1964 London Fisheries Convention that allows European boats to come between a six and 12-mile limit. We will start the two-year process once article 50, I presume, is initiated. Perhaps you could comment on that. Can you reassure fishermen of the United Kingdom that you will not bargain away what we fought so hard to get back?

George Eustice: My experience of dealing with fishermen is that they always expect the worst.

Richard Drax: They are often right.

George Eustice: They are sometimes right, but they are not often right. There is a specific issue around the 1964 London convention, which pre-dates the CFP, which granted certain countries—predominantly France, Belgium, Germany and the Netherlands—access within the UK six to 12-nautical mile zone. We are looking very closely at this because it is quite a dated agreement in which we have no benefit. There are provisions within the 1964 convention whereby we can leave it at any time with a two-year notice period. We are looking quite closely at that and at the case for doing that.

What we cannot say is that we will have an exclusion zone and that no-one can come into our waters. There will be a sense of saying that we will grant some access, but it might not be the same sort of access that they are used to. If you look at the annual negotiations that we have with Norway and the Faroe Islands, the key variables in a negotiation are, generally, the access that you are willing to grant, the share of the quota that you expect to have in return and the total allowable catch, as it were, and the total quota. Those are the three variables. There may be some trading of access in order to get a fairer share, for instance.

- Q34 **Richard Drax:** No one is saying that there should be no access around the country, because we have to go into their waters. The fear is, "Please do not negotiate too away," because we will be in a position of strength, and make sure that common sense, which is so often lacking in EU negotiations, to benefit the United Kingdom is at the forefront of the



Government's mind.

What opportunities do you see for us when this happens? Are we going to see the Scottish fishing fleet back to its original size? Are we going to see all the lovely coastal fishing communities reinstated around the country? What are the benefits to us all when we leave?

George Eustice: There are two very notable things. The first, which is of particular relevance to the Scottish fleet, is that the UK would re-take its seat on the North East Atlantic Fisheries Commission, which is where the major decisions on mackerel and other pelagic species like herring are taken. We would therefore become a party to something called the coastal states meetings that take place annually every November and December. The EU-Norway deal, which by value is the most important deal for the UK at the moment, would probably in the future become a UK-EU-Norway trilateral agreement, in which we would be the largest party. We would regain a seat at the table and regain some influence in those very important negotiations that are economically important to us.

The other thing is that, through the process I have outlined, the reality is that, in the channel and in the Celtic sea in the south-west, the UK currently does not get a very fair share of many stocks. There are many areas where the French have up to five times as much cod and haddock, for instance, as English fishermen. There will be an opportunity to re-balance those shares so that things are fairer going forward once we end the principle of relative stability—

Q35 **Richard Drax:** Do you see our fishing fleet increasing and getting better? Perhaps not going back to what it was because it was massive but certainly increasing more than it is today.

George Eustice: If we stuck to the principles of sustainable fishing, which we must, as well as the science and evidence-based fishing limits, and if we could improve some of our approaches to management so that they are less frustrating and we ended things like regulatory discards, which is a problem now, and in addition we managed, in exchange for access, to get a fairer share of the overall quota, then, yes, you could see a revival in some of those coastal communities.

Q36 **Richard Drax:** Finally, can I make a plea again for my fishermen and I am sure around the country? Can whatever we decide as the United Kingdom for the future be science and factually based and not necessarily over-pushed by the environmental lobby, which I and they often feel is not necessarily science-based?

Finally, can I ask you about the shellfishermen with regards to the crabs and lobsters? Where are they going to be in two to five years' time?

George Eustice: Let us deal with the shellfish first. Fisheries gets quite complicated. There is no real EU regime for controlling lobster fisheries at the moment. It is predominantly driven by IFCA's, which are the inshore fisheries agencies, who perhaps just set technical measures. There is no real regime for lobsters.



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Likewise, crabs are predominately set locally, although there is then something called the Western Waters regime that sets quotas based on days at sea and limits, which is another quota system but based on effort rather than tonnage. There may be a case for continuing something like that as part of an annual UK-EU deal.

On your final point, there are always disputes around science. Fishermen will often say that the science is behind the reality of the stock. However, they do, through modelling, try to ensure that the science is in tune with the reality. There are models that future-proof the science. We put scientists and observers on actual fishing vessels, so that they see the reality of what is happening on a fishing vessel as well as the survey vessel work that also goes on in a controlled way in the same controlled areas every year.

The marine environment is incredibly complex. We will never get perfect science, but that should not stop us from pursuing our best understanding of the science as a point of policy, and that is what we always try to do.

Q37 Neil Parish: Minister, I have “The Fishing Industry and Brexit” by George Eustice here in front of me and I quote from it: “If we leave the EU, we would take control of 200 nautical miles or the median line. Everything would then be put back on the table for discussion including TAC allocations and access rights.” I do not necessarily argue with that point of view, but I think there are some fishermen who have decided that all those waters and all that fish are going to be ours. You have to clarify this situation because there are rights out there. Ever since I was an MEP, the fishermen of the West Country bent my ear all the time that they had a lousy deal when they entered the EU, and we all accept that. I am sure that we can get some more fish, but we have to clarify, first, what access and extra fish we get; and, secondly, what happens to all these large quotas that the existing fishing fleet have bought into. I have several in my own constituency who have quite large fishing fleets and large quotas.

Finally—and I am sorry to give you so many questions at once—when a fishing ground is over-fished, Norway can shut that fishing ground down within 24 hours, whereas one of the problems with the common fisheries policy is that you have so many countries involved that it is very difficult to shut things down fast enough. Would you be looking at some of the management and can we manage our waters in a totally different way in the future than under the existing CFP, or are you going to cave in to the pressure?

George Eustice: I have been quite consistent on this.

Neil Parish: I am not saying that you are not consistent; I want the answer.



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George Eustice: What you read is very much in line with what I have just been discussing about the ability to look again at access arrangements and renegotiate fairer shares.

Q38 **Neil Parish:** How much fish?

George Eustice: As with all these things, that will be an issue for the negotiation. It comes down to what you have to offer and what you want.

Q39 **Neil Parish:** I do not think you were saying that during the campaign, if I remember rightly. It was about much more fish. There should be, but I want to have the answer from you as to how we are going to get that.

George Eustice: I think there will be because, as I said, we will take back control of our EEZ, and then issues such as access and shares are back on the table.

On your point around quota-hopping, there is a case—and we are looking at this anyway—for strengthening the economic link, which may be the number of UK crews that are employed on the vessels, where they land, and strengthening the link with the UK.

Neil Parish: So they need to land the fish in the UK.

George Eustice: There are issues like that, and strengthening the economic link would be a better way to start than to try to start taking away the rights that people have ultimately bought. We must not lose sight of the fact that the Icelandic companies and the Dutch and Spanish companies that have UK quotas bought those vessels with the quota attached from UK companies.

Q40 **Neil Parish:** You are not going to confiscate that necessarily.

George Eustice: Not necessarily but we do not rule anything out either. That was a contentious issue, obviously, in the Factortame case.

Your final issue was around management. This could be quite important because, if we want to promote and ensure that we have sustainable fisheries and that other countries abide by those rules, too, there will probably be an opportunity for us within our EEZ to be able to unilaterally set what technical measures we require. One example might be that, if we decided that you needed to have cameras on vessels in order to be able to enforce properly, we would be able to simply deign that to be a requirement in the future, whereas now we would have to argue with lots of other countries to try to get their agreement. Given that a lot of countries still have access to our EEZ, you will find that they would probably acquiesce to such a requirement quite easily.

Q41 **Neil Parish:** The final question that you have not really answered is: are you certain that there are going to be more fish for our fishermen to catch and that it will be less complicated to do so under the new system? Those are all the things that they disliked so much about the common



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fisheries policy.

George Eustice: As I said, within our EEZ, we would be free to set our own technical measures such that things that can sometimes, frustratingly, take several months to get an in-year amendment in Brussels, we would actually be able to change relatively quickly with a straightforward order signed off by a Minister.

Q42 **Neil Parish:** That does not really answer the question, yes or no. Are there going to be more fish for our fishermen? It is a fairly straightforward question, and I think you alluded to it during the campaign. Most of our fishermen went away from your meetings thinking they were going to get a lot more fish, so where is it?

George Eustice: We have not started the negotiations yet.

Neil Parish: You and I were not quite on the same side, as you know, over this.

George Eustice: I said earlier that we would like a fairer share of the TAC, particularly in the Celtic sea and in the channel where we do not get enough. In terms of our negotiating position, if you like, or our negotiating hand, we know that other European vessels get around 1 million tonnes of fish out of UK waters. We take around 150,000 tonnes of fish out of other European waters. There is a substantial imbalance between the value of access to UK waters versus the value of UK access—

Q43 **Neil Parish:** Should we get half of the fish in the future, three quarters of the fish or nine tenths of the fish? How much of this fish will we get?

George Eustice: We will see once the negotiation commences.

Q44 **Craig Mackinlay:** Minister, thank you very much, and I will probably add to your discomfort. Thank you very much for coming down to Ramsgate. We have the under-10 fleet, which is an important local resource and it could be so much more. I know you have always taken an interest in them as well as in some agricultural issues relating to live animal exports, for which Ramsgate is the only harbour that has been used in the last few years.

I want to concentrate on fish at the moment. Would it not be somehow quite contiguous in terms of time if we were to notify our withdrawal from the London convention, given it has a two-year lead-out? It somehow sounds very similar to the article 50 two-year lead-out. Are we allowed to do that unilaterally, or is that right to leave the London convention not with us until we are out of the EU? You can understand the problem. We have control over zero to six miles; six to 12 we are stuck in with this historic convention; and then we have the CFP beyond there. We could find that we have the 200 miles back except for the six to 12, which is somehow still stuck in some EU mess that we cannot quite get out of. I wondered if you have any thoughts on that at the moment.



You need to educate some people about the history of this. The reason that we were somewhat stymied in the channel was, of course, the cod wars. When we came to join the EU, we had almost abandoned the channel because there was such great fishing up there. When it came to carve-outs, the historical rights that we had in the channel were pretty limited, because all of our fishing had been done in the very fertile grounds around the Icelandic waters that we then lost. Of course, going back to historical rights of where we had been, the French did very well indeed.

I am very worried about historical rights because, if those historical rights are enforced—and we have to recognise that, if someone has been doing something for 40 years, they have developed some right over it—can we get out of that, or are we actually able to give our fishermen a better deal? This is what I want; this is what my under-10s want; and I think it is what all the fishing fleets around Britain want. We need a bit of honesty on this one. Will we be hamstrung by Factortame and all those old ECJ cases? You know what I want and I am sure it is what you want as well: a sensible fishing policy based on good science with exclusive zones and more fish for our domestic fishing fleet. Is that possible? I am sorry to put you on the spot on that one.

George Eustice: Yes, it is possible. As I said, the new legal baseline is the UN convention on the Law of the Sea. You make a point around the 1964 London convention. As I said, we are looking at this very closely. This is an area that we are looking at. As I said, there is provision within that convention for us to leave with a two-year notice period.

Craig Mackinlay: It just feels like mid-to-late March might be a good time to do it.

George Eustice: I understand the point that you are making. Legally, we entered that as a national party, before we even joined the EU, in 1964, and the right to exit it therefore remains a national right. However, the provisions of it were subsequently picked up and effectively hardwired into the common fisheries policy anyway. The legal position is that, yes, we could, if we wanted, give notice prior to leaving the EU, because we entered it as a national party, but the provisions of it would not end until we actually leave the European Union and CFP, because they have been picked up and replicated by it.

Craig Mackinlay: It is a big topic, as you will be aware.

Chair: It is indeed a very big topic.

Q45 **Alan Brown:** This is probably a version of the same song with a different singer. We have heard from Members around the table, Minister, that clearly the expectations of a lot of fishermen were raised massively during the whole referendum campaign about what it would mean to leave, and it is not quite the full control that they were expecting. My first question, therefore, is about what the Government are doing to manage the fishermen's expectations and actually work with them on



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this. I am sure that they were also disappointed with the leaked documents that showed that fishing was a medium priority rather than a high priority.

If we move forward, the kinds of discussions around the table seem to centre on quotas and negotiations with regards to fishing quotas and stocks for other countries. I am sure the Minister is well aware that these negotiations will not be done around the table based solely on fish stocks. We are where we are originally because the Scottish fishermen, for example, were seen as expendable in the wider negotiations when joining the common market in 1972. Any negotiations on fish and getting greater access to fish stocks for the fishermen of the UK will form part of the wider negotiations that the UK has with the EU. What I am looking for is for the Minister to identify what your asks are and what your aims and aspirations are and what the UK is willing to concede in order to get that, because, as I say, it is part of a wider package. I know you are not going to say exactly what your negotiations are that will be held internally, but has this been discussed domestically: "For us to get X, we have to give away Y or Z"? Has that happened within Government Departments?

George Eustice: We have not commenced the negotiations yet, and for obvious reasons, I do not think it is sensible to start talking about where your red lines might be or what the nature of the negotiation might be or what you might give or not give. That is very much something that we should allow David Davis to be armed with as he goes into those negotiations. I am not going to get into that sort of speculation.

We are working very closely with the Scottish fishing industry. They are very enthusiastic about the opportunities for leaving the EU and they were very supportive of leaving the EU. They do not regret that we have taken this decision, and when I work with them, they are very realistic people and they understand negotiations. Scotland, more than other parts of the fishing fleet, see first-hand what happens with the coastal states negotiations, with the Faroe Islands and with Iceland. They see what happens with our annual EU-Norway. They understand the nature of the beast when it comes to negotiations and they sit as part of an observer delegation at those negotiations, so they get it. We will obviously be working very closely with them.

Q46 **Alan Brown:** Minister, I know that you were not going to tell me your red lines, but I would like to think that by now, in discussions with David Davis and other Government Ministers, you would have a target aspiration of what the fishermen will get out of this. You would have an internal red line that you are not going to tell us publicly, but surely you must have asks that you have put to the Minister in order to move forward.

George Eustice: As I said, since last July, we have been doing huge amounts of detailed analysis, so that our negotiators in DExEU have a really detailed and comprehensive understanding of every twist and turn



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of every issue relating to Defra. Yes, that work has been going on in great depth since last July. I am confident that, when these negotiations start, David Davis and his team will be well-armed with all of the information they need.

Q47 Ms Ritchie: I have a further question around the management of fisheries post-Brexit. In terms of the Irish sea, you are aware, Minister, that there are three fishing ports in Northern Ireland. Two of them are in my constituency and you have actually visited one of them. Prior to the 1960s, a voisinage agreement was established between the then Northern Ireland Parliament and the Irish Government that enabled fishermen from Northern Ireland to fish in Southern Irish waters. We now have a situation whereby the fishermen that come from the three County Down ports in Northern Ireland, post-Brexit, will still be able to fish in Northern Ireland waters because of the migratory nature of fish that they have been able to do in the past. What discussions have taken place with the Irish Government and the European Union, and involving the Northern Ireland Executive, to ensure that that practice can continue? Fishing is critical not only to my constituency, but that of the hon. Member for Strangford.

George Eustice: Yes. The voisinage agreement is actually bound up in the original establishment of the Irish constitution, dating right back to the 1920s, and there was an understanding that they could each fish within one another's waters, even right up to the 0-12 zone. Just to add to the complexity of this, that was challenged recently through the Irish constitutional court, and the Irish constitutional court upheld that challenge initially. I have had that discussion with Michael Creed, my opposite number in the Irish Republic, and the Irish Government value that agreement. It is historic; it is long-standing; and they would like to get that re-established. I see that as an agreement that pre-dates the EU. It goes right back to the formation of the Irish Republic and it is certainly something that, if both Governments wanted to preserve, they would be able to.

Q48 Ms Ritchie: Have any further discussions taken place that would enable both to fish in each other's waters and to allow the status quo to be retained? I am very conscious of the Supreme Court judgment and I have talked to the Irish Minister for Agriculture, Food and the Marine about this particular issue. What recent discussions have taken place?

George Eustice: The last discussion I had with Michael Creed was a month ago—maybe a little more—and it was just about him updating me on what had happened. He made it clear that the Irish Republic valued this agreement, would like to see it re-instated and were looking at their options.

Q49 Ms Ritchie: In your view, is it the intention of the British Government to ensure that Northern Ireland fishermen will still be allowed to fish in EU waters? The other part of the Irish sea will be in the EU.



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George Eustice: Some of it will be in the EU and some of it will be in the UK. The straight answer is that the bit that is in the EU would become a matter for a UK-EU annual negotiation. The bit that is in the Republic of Ireland—i.e. the 0-12, would be an issue between the UK and the Irish Republic.

Q50 **Mr Turner:** My question was nearly dealt with, but could I just ask this? Apart from crab and lobster, what fish stocks are there around the UK that are not migratory and would therefore not require international co-operation to support their management?

George Eustice: You would seek to have agreements with the EU over most of the fin fish species because they are migratory and the quotas are set in areas that are shared areas. There is one, for instance, for the western channel and one for the eastern channel, but it straddles both sides of the channel. There will be other shellfish. There is another separate regime for scallops, for instance, which tends to be mainly local, although they do move around a bit and they are fished across areas. Is there anything that jumps to mind?

Nigel Gooding: That is pretty much it, actually. There is the Clyde herring fishery, which I think is purely UK, but most other stocks will be shared stocks and will be negotiated on in the process.

George Eustice: Most of the stocks that are very non-migratory tend to be outside of the regime and not quota species. There are other things like cockles and all sorts of things that are obviously outside of the quota scheme.

Chair: There was also the question of the European Parliament, because they issued a paper. I do not know whether you were going to ask about that.

Q51 **Mr Turner:** The question really is: is this document that was produced by the European Parliament basically just a first step of a big row, or is it a serious contribution to our conclusions?

George Eustice: I am not sure which paper you are referring to.

Chair: It is the one that refers to the question of maintaining current access—in other words, keeping to the status quo and not going to shift. I am going to ask a question in response to what you say.

George Eustice: I see a lot of this and I see a lot of coverage of these sorts of things, but I do not think people should get spooked by what the other side are going to ask for in a negotiation. Ultimately, it is not that relevant what they say that they want to ask for. What is relevant is what we are willing to grant or concede as part of our negotiation. I do not think it should surprise people that, as an opening gambit in the negotiation, they are going to say that they want everything the same as it is now. That is what anybody would do in a negotiation.

Q52 **Chair:** In the *Financial Times* a couple of days ago, there was quite a lot



of coverage about what is going on in France, in Normandy, and the French fishing industry there. There is an intransigency that is associated with the fishing question. We only have to look back at the Icelandic cod wars, for example, to realise that it can become a bit tricky. Craig Mackinlay has just referred earlier to Factortame, which is one of the biggest court cases that has ever been adjudicated upon in relation to our position within the EU when that took place some years ago. Can you give a sense of the extent to which the question of intransigency can get in the way? Would the European Parliament, despite what you say, actually say, "Frankly, we have the power to give consent or not to give consent to this deal," and that the issues that are being currently discussed between us suddenly become a matter for individual countries to refuse to give consent under a qualified majority vote and/or the European Parliament? In other words, you cannot pre-judge the outcome, but are you conscious of the fact that there is a lot of intransigence around issues such as this?

George Eustice: I very much take it as an opening position and mood music ahead of a negotiation. My own view on these things is that, as you enter into a negotiation of this sort, which is a big and complex negotiation, you first have to be very honest about your relative negotiating strengths. As I said, access to UK waters is something that is very valuable to other countries, so we have a very strong negotiating hand as we discuss the future of fisheries.

Secondly, there is something around the tone in which you approach it. Our European partners have a right to expect us to behave honourably and decently with them as we set out the plans for the future, and we have a right to expect them to reciprocate that and to behave in the same way. That is how we can keep this as a good-natured negotiation that gives all of us a sensible plan forward.

Q53 **Mr Turner:** What process do you intend to follow to develop both domestic fisheries management and co-operation relationships with others, and what timetable do you anticipate for the development of a new policy approach?

George Eustice: There are two separate things. The first is what type of management regime we put in for our own EEZ and for our own fishing fleets. We are looking at all sorts of different options. There have been representations from people like Owen Paterson that we should look at the approach taken in the Faroe Islands, where, rather than having a tonnage quota system, they have more of an effort-based regime where they restrict days at sea. Fishing for Leave have also advocated a similar approach with the Faroese option. The evidence is that that kind of approach works really well for things like in-shore fleets where you have small volumes but a very mixed fishery. It can work better than a quota system, but a quota system tends to work best at the other end where you have pelagic fish and very high volumes. We are looking at those sorts of options.



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The final bit is the nature of our discussions and negotiations with countries that will predominantly be the EU, the Faroe Islands, Iceland and Norway. As I said earlier, we have not finalised this yet but I would envisage that you would have some kind of annual EU-UK negotiation that would agree fishing opportunities, and that will probably come just ahead of the EU's December Council.

Q54 Mr Turner: The objective is maximum sustainable yield. Are you confident that that will come out at the end of this discussion?

George Eustice: It is certainly what the UK will strongly advocate for. We have been leading advocates in the world in terms of sustainable fishing and following maximum sustainable yield. As I said earlier, the science is never perfect, and we do not pretend that it is, but we should, in my view, set policy that accords with the best understanding of the science that we are able to muster with the evidence that we have. Pursuing maximum sustainable yield as a principle makes sense, and we would also be arguing that the EU should continue to abide by that as well.

Q55 Mr Turner: Would you be willing to share fisheries more if the other parties used these same sustainable fisheries themselves?

George Eustice: They are already committed to it. The European Union is already committed to pursuing MSY, as are Norway, the Faroe Islands and Iceland. Each will sometimes have its own twist on what it thinks MSY is, and each will sometimes have its own scientific arguments for deviating a little bit from what maximum sustainable yield is, but, broadly speaking, all of the countries with whom we have shared fisheries have a similar view that we should fish sustainably and in line with the science.

Q56 Rishi Sunak: Apologies for being late. Thank you, Minister, for joining us. Obviously, we have heard recently from the Secretary of State about her vision for agriculture, so we would like to hear from you. What is your vision for UK agriculture post-Brexit in a broad sense? What would be the priorities that you would look for when designing an agricultural policy? Before we go into the detail, what are the themes that you would highlight for us? What do you see as the major opportunities for UK agriculture? If there are any risks that we should be aware of, where would you point us to?

George Eustice: My vision is the same, obviously, as that outlined by the Secretary of State. Broadly, the areas that she set out were really the five key building blocks. There is an area around trade and looking for new market opportunities and making sure that we get the right type of trade deal with Europe.

We are looking at a range of policy options around risk management and resilience. We are looking at the approach taken in countries like the US and Canada, and even Australia, where they have approaches that help farmers manage risks, whether they be weather risks or large downturns in margins, for instance.



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On the environmental side, we are looking at sustainable farming and whether we can incentivise and reward environmentally sustainable farming practices and different approaches to farm husbandry. We are looking at whether we can make those more local and better tailored to localities and water catchments than they are currently.

We are looking at strengthening the dimension around animal welfare and animal health within our agricultural policy. This is a manifesto commitment for the Conservative party: to look at how we can better advance objectives such as animal welfare in future policies, so we are looking at a range of options in that area as well.

Finally—I think I have covered all five—we are looking at areas around productivity and how we can support farmers to become more profitable and more productive, as well as grants to help them invest in new technology and knowledge transfer. We are also looking at support for research and development and agri-technology.

Q57 Chair: There is a programme that I listen to far too early in the morning—about 6.45 every morning—and the other day there was a conference addressed by the Secretary of State. I think I am right in saying that the BBC reporter asked the conference, “What do you think about what the Secretary of State has said?” There was a very negative response. I found this rather strange because, after all, it is not really for reporters to interfere in that way, and I hope I am not misconstruing what happened. What was the sense within the Department after that conference about the reaction of members of the farming community who took part?

George Eustice: The incident that I think you are referring to, which was covered in the press, was a clever tactic that a journalist chairing an event might use to get coverage. All they said was, “Who in the audience thinks that Defra has all the expertise it needs to do everything?” and I was the one who put my hand up because I know that we do. It is a nonsense. She could easily have said, “Who in the audience does not think that Defra has all the expertise?” and likewise nobody would have put their hand up, not even me.

Chair: I am very glad that you have had a chance to reply to that because it is so often the case that people hear stuff on the BBC, but we do not hear the other side of the equation. I am grateful to you for that.

George Eustice: I spent four years as a press secretary, so I know how the game works, and you should not always read too much into these things.

Q58 Rishi Sunak: I have a very brief question, Chair, if I may. Rapidly, not to tread on anyone’s toes, you mentioned animal welfare and trade. Can we take it that your Department is engaged with the Department for International Trade as they start having exploratory discussions with other countries to make sure that those considerations of animal welfare



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and British standards are part of those discussions and will be dealt with when we talk about opening up our markets, whether it be through appropriate labelling or other means?

George Eustice: Yes, absolutely. We work closely with the DIT on this. Indeed, the model that we have adopted is one that is similar to the US where the Department for International Trade obviously lead on any future free trade agreements but the agricultural elements of those trade deals will be managed by Defra. Defra officials would form part of any negotiating delegation that handle those details. That is the way that it is handled in other developed countries in the world. The USDA leads on agricultural trade elements for the US Government as well.

Chair: Now I would like to turn to the question of the future support system. This is a really important question that has been raging around for some time. Obviously, the BBC have also been asking a lot of questions.

Q59 **Neil Parish:** Minister, I am quite interested not only about the support system but about designing a future agricultural policy because, as far as the Select Committee is concerned, we are very interested to take part in this and have our own inquiry. How democratic are you going to be when you are listening not only to the farming unions but to the National Trust and to the RSPB and everybody else that wants to put their two pennies' worth in? What timescale do you see whereby a new future policy starts to come through? I will ask you about the support payment separately. How are you going to put this new agricultural policy together and what is your timescale roughly? I do not want to tie you down to months but how do you see it unravelling? "Ravelling" is perhaps a better word.

George Eustice: "Developing", perhaps, rather than "unravelling". On your first issue about how democratic we will be, we want to have a really comprehensive process of engaging people right across the spectrum. That will range from people like the NFU and some of the big NGOs; however, we are also really keen that we engage, sometimes, with an individual entrepreneur who is doing something really interesting and different that we can learn from and sometimes with some of the smaller organisations who are focused on narrower areas but that can actually bring in some interesting ideas.

We have had all sorts of proposals from the RSPCA and Compassion in World Farming with some ideas on how we could support animal welfare with grants and incentives for farmers to adopt different approaches to animal husbandry. We have had organisations like the Soil Association and the Landscape Institute offer some quite interesting ideas about how you might design more local-catchment-sensitive farming schemes. I have had discussions with people like the Commercial Farmers Group, which is a small niche group that have different ideas around productivity. I have met young farmers. There are lots of different ideas that are coming through.



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Fundamentally, any future agriculture policy that we might design we will at some point have to take through Parliament.

Q60 Neil Parish: What you are doing is good and you need to do it. We all need to do it and we all have to brainstorm and have ideas. However, what is the timeframe before the policy starts to be set into concrete? What I find with Government very often is that it is all up in the air and then all of a sudden the ready mix lorry comes in and you set the concrete and everything is set and we cannot possibly change that because it has all been decided.

George Eustice: That is not how we hope to do it. We have given farmers the certainty of saying that we will continue with the same budget and that indeed means, in practice, continuing with the existing CAP until 2020. Obviously, well in advance of that, before we leave, we will have to give farmers a clear indication of what we are moving to and over what timescale and what transition there might be from the system they know now, today, and will have until 2020 and what will come thereafter. Broadly speaking, we intend to have a very intense process of engagement and discussion with stakeholders during the course of this year. The view would be that, during the course of next year, people would start to see a clear, defined policy.

Q61 Neil Parish: You are talking about, this year, starting to move into a situation where some policies would come forward next year.

George Eustice: By the end of next year, we would want to be in a position where we were showing some clarity about what was going to come after 2020; otherwise, we would increasingly be asked what was going to happen after 2020.

Q62 Neil Parish: I will move on to the support payments. As far as I can see—and put me right if I am wrong—the statement from the Chancellor, which is very welcome, is that support payments will stay roughly the same and farmers would make their 2019 claim and that would be paid in May 2020. Is that what the commitment is or would farmers be able to make a claim in 2020 for 2021? The only reason I ask you that—and perhaps you will not want to answer this question in a political arena—is that it is very likely that we will be facing a general election in 2020. Do you necessarily want to have all agricultural payments up in the air as you face the general election? You may not want to answer that question. I understand that it is a highly political one.

George Eustice: I am happy to answer it for clarity. The Treasury guaranteed that it will continue to fund it at the same level until the end of the multi-annual financial framework. What that means in practice is that, as you have set out, farmers who make an application in May 2019 can expect to receive their payment, all being well, in December 2019 or January 2020.

However, as I said, well in advance of that we anticipate setting out, in quite clear, defined ways, what will come after 2020 with a view to giving



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some idea of what the future policy would look like, and indeed the timescale to move from one to another.

Q63 Neil Parish: Your view at the moment would very much be that all political parties, in a way, would be presenting a new agricultural policy to their electorate if we were going to go into a general election in May 2020. Is that how you would see it?

George Eustice: In terms of what we might do before 2020, the options would range from relying quite heavily on the great repeal Bill to bring through lots of elements of the existing CAP, and effectively having the continuity of that in the short term and looking at things in the longer term, to actually trying to go for something a little bit more ambitious that tries to put in place something along the lines of a final policy that we would like to see prior to 2020. We have genuinely not decided yet which of those we will do. There are two ways of approaching it.

You make the point about politics. We are all politicians, so we might as well be grown-up about it. I do not think any political party would want to go into a 2020 general election saying, "We are not telling you anything about what we are going to do with the agriculture policy."

Q64 Neil Parish: With regards to the great repeal Bill, as far as I can see it, we will take all the European legislation and repatriate it and make it British legislation. I take it that that will all come over in one great big block. We then have to start unravelling it if we so choose, but it will come over in one go. Is that how you see it happening?

George Eustice: Yes, broadly speaking. In a straightforward way, all of the existing EU obligations and EU laws will come across and be put, in the first instance, on a domestic policy footing to give that continuity.

Chair: For those who may not know, I drafted the great repeal Bill back in May and it was accepted by the Government, I am very glad to say, in that speech, though I did not actually know that they were going to do that; they suddenly did and it was very gratifying. As a matter of fact, it is going to be quite interesting to see how we deal with the subsidiary sub-ordinate legislation that arises out of it. I do not know whether you had any thoughts on that.

Q65 Neil Parish: Further to that, we will need to look at various legislation, not only on payment but in terms of a possible misconception out there from some that, when this legislation comes back in, a lot of the environmental rules and regulations that control farming and farmers and landowners will all be repealed. Do you see that happening, Minister?

George Eustice: We have been clear throughout that all of the domestic SIs that relate to those key policies like the habitats directive, the birds directive and the water framework directive will, yes, in the first instance be placed on a UK legal basis. That makes sense to give you that continuity in year 1, but that is not to say that, over time, you would not look to review all of that, take a more proportionate approach and



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remove some of the unnecessary bureaucratic reporting requirements where we deem that to be a problem.

Q66 Neil Parish: With your indulgence, Mr Chairman, can I just ask one last question? Perhaps this is an unfair question. Do you foresee, after 2020, a form of basic farm payment surviving, or do you see that completely going?

George Eustice: We have not made any final decisions, as I said earlier, on future agricultural policy, but we have set out these five building blocks. I have talked in quite a bit of detail about some of the issues that we are looking at in terms of risk management and different approaches to agricultural environments. If I am honest, I am not a huge fan of the area-based payments that we have.

Q67 Neil Parish: Do you think they can be targeted better?

George Eustice: You could do better targeted support. The move to the area-based decoupled single farm payment was something that economists advocated 10 or 15 years ago. It seemed to be a good idea at the time but, actually, it has probably created as many problems as it has solved. It distorts land rents. It protects coasting farmers. It does not encourage farmers to farm productively. There are quite a few problems, actually, with the area-based single farm payment that we had. I am not saying that you would not keep something like that, but, as a long-term option, I am not sure that it makes a great deal of sense to have an area-based payments model whereby large amounts of money go to very large landowners but you are unable to target support to farmers.

Q68 Neil Parish: How safe is the £3.5 billion that goes to agriculture now when the Treasury get hold of it?

George Eustice: The truth about this is that decisions about future agriculture and the extent of the funding that we put on it will be a matter for the Cabinet. The Cabinet will make this decision. The Treasury will obviously have a view, but it will be a view tempered by the view of many other Departments represented around the Cabinet table. The Cabinet, ultimately, will put in place an agriculture policy that it thinks makes sense and that it is confident it can get through Parliament. There will be new checks and balances that assert themselves. Sometimes people are a bit unfair on the Treasury. There is a difference, to be honest, between being in the European Union where a Treasury advances an argument saying, "We are the only country that is going to be calling for budget restraints, so let's call for it in a very assertive way that might at least move things a couple of degrees in our direction," and a Treasury that is part of a Cabinet Government that has to make a really clear and coherent decision about what kind of policy we want and what sort of funding it needs.

Q69 Neil Parish: I am not accusing you of this but during the campaign there was going to be £350 million a week for the NHS. Therefore, there is



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10 weeks of money for the NHS if you take the £3.5 billion from agriculture. I am not saying that it is going to happen, but there is a risk, because it is now no longer ring-fenced and, therefore, it is thrown into the pot. You are not going to be able to defend the £3.5 billion. How much of that are you going to be able to defend?

George Eustice: My view is that we should design what a good agricultural policy looks like and then work out how much money we need to make it fly. The truth is that there are a lot of dead-weight costs with the EU system. There is a lot that is lost through administration, through exchange rate risks and all sorts of other problems, which we would be able to strip out if we had a domestic system and a domestic approach. A farmer said to me last week that it is not leaving the EU that is the issue; it is what we do with our new-found freedom by which people will judge whether it has been a success or not. That is in our hands and we should not fear our ability to get this thing right. We just have a responsibility as parliamentarians here in the House of Commons and the House of Lords to get these things right.

Q70 **Neil Parish:** I do not fear you and I do not fear the Defra Ministers, but I do fear the Treasury, because the Treasury is all-powerful and it always has been, regardless of which Government it is. I used to chair a committee about the common agricultural policy in the European Parliament and they used to say, "Let's design an agricultural policy and then ask for the money." In reality, it is the other way around: you are given the money and then you design the agricultural policy. I suspect, in fairness, Minister, that that is exactly what you will be faced with.

George Eustice: All I can say is that we are designing an agricultural policy now and we have not made any decisions about how much funding it is going to need, because we will not know until we have designed it. I come back to what I said: this will ultimately be a Cabinet decision. One of the strengths of our Cabinet system of Government is that it is very good at striking the right balance and sometimes doing things in a bold way, but doing things with a cautious eye on the potential pitfalls of what they are trying to achieve.

Neil Parish: You can be assured of the support of the Select Committee when you are going there and fighting the cause, Minister.

Q71 **Richard Drax:** First of all, Minister, can I just say how relieved I am to hear that you are not necessarily going to slavishly follow EU policy? Clearly, as you rightly say, we will be free to have our own laws that best suit us. That is very welcome news.

I had a meeting with my farmers recently, and I am afraid that you have a six-page typed letter coming towards you now. One of the major issues raised—and it is not on this document—was the future of employees. I had watercress and turkey farmers and various other people saying that these people who come over here are absolutely crucial and are skilled. With the watercress business, they are mainly



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Poles and mainly family-orientated. Yes, they say that a licensing system is fine, but what they are asking me, and what the letter asks you, is: what will happen in the immediate term now? They are planning for 2018. What licensing will be in place and, frankly, what do you see so far as the future is concerned for these vital people to come and work in our agriculture industry?

George Eustice: Until we leave the European Union, the principle of free movement still applies. Most horticultural businesses are still recruiting from countries such as Romania and Bulgaria for the current season, and indeed they will be able to for 2018 as well. Nothing changes until we actually leave. This matter of immigration is obviously a Home Office lead, but we are feeding in some of the concerns that have been expressed by the agriculture industry to make sure that they are aware of the needs of agriculture.

In the final analysis, I would say this: just because we want to have a controlled immigration policy and to end the presumption of free movement, it does not mean that we are going to pull up the draw-bridge and not have any immigration. It simply means that it would be controlled. It will be a decision for us as a UK Government and a UK Parliament in terms of what provisions we believe we need. That may mean enabling highly skilled people to come here. It may also mean ensuring that we have work permit provisions in place for seasonal low-skilled labour. It will be open to us to put in place the provisions we need to ensure that we have the labour supply that we need.

Q72 **Alan Brown:** Coming back to the here and now with the common agricultural policy, Minister, I have raised this before and you have heard it from other Scottish MPs. The EU gave the UK convergence uplift money, which is predominately based on the rates that Scottish farmers were getting. Initially, there was going to be a review of that in 2016, but we are now in this almost post-Brexit world. Is there any chance that Scottish farmers are actually going to see a significant uplift in the money that they should be receiving before 2020?

George Eustice: We had said that we would review this issue of CAP allocations once the Scottish Government had converted all their farmers in this current scheme on to an area-based scheme as well, to make the comparison easier. Yes, things have been slightly overtaken by events because of the situation with the decision to leave the EU, and much depends on the nature of the support that we are going to have after we leave the EU. NFU Scotland, for instance, have actually, probably more than any other part of the UK, been very sceptical about area-based payments because they say that it does not enable them to target support to farmers who need it. It may be that the discussion that we should be having is how best to target support rather than getting into an exhaustive comparison of land types. We have not made any final decisions on this yet, but it is likely that any discussions that we have now are probably going to be in the context of policy that will come after 2019.



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Q73 Alan Brown: I am sympathetic with the argument about area-based, and I understand that and I understand where the NFUS is coming from, but we are still in the here and now between now and 2020 when we reset that, and the farmers are due that additional money that came from the EU.

George Eustice: This is a well-rehearsed argument. The only thing I would say is that Scottish farmers get less on average per hectare because they have lots of very mountainous areas that are very rough grazing. The average they get per farm holding is actually higher than any other part of the UK. Depending on which way you cut the figures, it affects the payments. I appreciate that this is a sensitive issue in Scotland. That is why we said that we would do the review. The decision that we have to make now is whether it is worth reviewing for what is left of the CAP or whether we should roll that over into a more comprehensive review of the type of support that we will have going forward.

Q74 Chair: I have one last question on this. Rural payments have been a disaster. I have a large agricultural constituency. Everyone has really been fed up with it. I do not know to what extent it has been a product of inefficiency within the UK system or whether it has been driven by EU requirements or whatever. Could we have an assurance that, whenever and however this is dealt with, it is actually dealt with under a UK agricultural policy with efficiency, so that farmers are not left swinging in the wind?

George Eustice: Yes. I cannot guarantee that we will get everything right, but one thing that I am absolutely confident of is that we can develop something that is simpler and that works better.

Q75 Kate Green: A moment ago, Minister, I think you said that you hoped that there would be a more proportionate response or a more proportionate approach to issues such as environmental protection and the protection of habitats and so on once we have left the European Union. That contrasts with the Secretary of State's remarks at the Oxford Farming Conference when she talked about going "even further to care for our stunning habitats and landscapes". Are we selling out on environmental protection standards or are we aspiring to be better than we are now? Where are you pitching? What is your ambition?

George Eustice: This is very important because people sometimes on the one hand talk about cutting red tape, while others fear that you are going to remove protections. We actually have a great opportunity to do things differently and to change the culture that we have around regulation. I can give you some examples. At the moment, we have incredible systems where we say, for instance, that woodland is ineligible for the single farm payment. What you then need is a rule that defines woodland. We then agonise over the definition of woodland and we say that, if it is more than 100 trees, it is woodland. Someone then says, "What about young trees and saplings?" We then need to have a rule



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about what age the trees are before they become woodland. We then have all sorts of other things such as nursery stock and Christmas trees and how you treat them.

What we end up with is a bureaucratic morass of rules, none of which actually help you deliver your objective. If you step back, the big question is, "Why are you making woodland ineligible anyway?" because woodland delivers so much for the environment. That is the weird contradiction that we have in the current system; extraordinary amounts of rules that actually achieve no purpose but cause all sorts of problems with the RPA and late payments, because we have to map every single feature.

With the agri-environment schemes, we are trying to aim for something that is far simpler and which actually changes the fundamentals about how farmers approach farm husbandry, such as improving soil management, getting livestock back on the lowlands so that you have a rotation, looking at whether you can incentivise wildflower and nitrogen-fixing crops into grass mixes so that you actually help pollinators and see a recovery in birds, and looking at schemes to have more trees. We can, with the agri-environment, have an approach that delivers way more for our farmed environment than what we have at the moment but does so without the need for infuriating rules that achieve very little.

Q76 Kate Green: That sounds like quite a substantial re-design exercise. How quickly can that be designed and put in place?

George Eustice: It could be done quite quickly, in that we can look at what we have done in the past. I am looking at my officials here. They will have to help design these things. A number of people have said that we should look, for instance, at the wildlife enhancement schemes that the Countryside Agency were running during the 1980s and 1990s, which were quite simple and accessible schemes without a great deal of bureaucracy. We have lots of experience of things that we have tried and things that have worked and things that have not worked, and it would be relatively straightforward to work with partners like the Wildlife Trust and RSPB and others to put together quite localised schemes that really deliver for their local farmed environments.

Kate Green: I expect they will be beating a path to your door now, Minister, with their wish-list.

George Eustice: I have met many of them and they have lots of ideas.

Q77 Kate Green: The final question that I want to ask is about the regulatory environment. Of course there is considerable EU legislation that impacts on farmers but that may actually benefit others in the chain such as consumers who take a particular interest in the consequences of some of the legislation in relation to, perhaps, GM crops or plant protection and the use of pesticides. What is the Government's approach to consumer protection in the context of "taking back control", to use your language,



of our agricultural policy?

George Eustice: It is absolutely paramount. Food safety issues are absolutely at the top of our considerations on these issues. In fact, the UK is often involved in shaping an agenda to support food safety. We do not always agree. We have an evidence-based approach on issues, and it is true that there are occasions where we will take a different view on certain things such as certain GM crops and approaches to new breeding techniques; we have a slightly different view to some other countries on that. Occasionally, we will differ on pesticides because we have an evidence-based approach whereas others perhaps have a more political approach to these matters.

Fundamentally, on day one, all of those existing regulations will go into UK law. Going forward, it is quite possible to establish ways of sharing technical knowledge at a scientific and technical level, so that we each understand where the other is coming from when it comes to things like maximum residue limits.

Q78 **Kate Green:** Does it trouble you that it could affect our ability, for example, to export if we start moving in a very different direction or if our standards are perceived to be very much looser?

George Eustice: That would be an issue to take into account. There are models out there. The Canada, the US, New Zealand and Australia have a system they call "the quad", where, at a technical level, their scientists meet on issues such as pesticides and veterinary medicines to establish a shared understanding of what the science and the evidence says, and then each of those four countries legislate independently. Since they are legislating in accordance with a shared understanding of the science, there is a very high degree of equivalence and that enables them to recognise trade and deal with those non-tariff trade barriers.

Our starting point is that we will have been in the single market for over 40 years. It would be relatively straightforward to agree some kind of protocol similar to the quad in those four countries, where you could actually share technical expertise between the EU and the UK and have a shared understanding of the science in many areas.

Q79 **Kate Green:** Will they be incentivised to want to do that, too?

George Eustice: They will be, not least because, for example, the UK has Europe's leading pesticide experts, as well as the fact that, of the 28 member states, there are only eight that can really afford to have the number of scientists that you need to understand pesticide science in the depth necessary. The UK is the lead, alongside Germany, in that area. It would be in their interest in all these areas to retain British expertise in those technical groups.

Chair: Lastly, I would like to say thank you very much for coming, but of course that you have a huge opportunity. There is a kind of thesaurus of legislation here. Some might even say it was a Pandora's box as far as



the EU is concerned. When we start to legislate on our own account, after the repeal Bill, the fact is that we will then have legislation that will be debated on the basis of, say, an agriculture Bill that will come in, which will not only define the principles but would also mean that it goes through a parliamentary process of amendment of principle, Second Reading and then the matters being dealt with in Committee and on Report in both Houses, which would mean that we would actually have a comprehensive policy that would be decided by Parliament. For all those people who are currently “remoaning” at the moment, if I can use that expression, about the fact that sovereignty is somehow or other to be regarded as an issue for the withdrawal question, it will actually be re-introduced when we get into the meat of how we have a new agricultural and fisheries policy. I am sure that both Committees regard what you have said today as helpful and interesting.

Q80 Craig Mackinlay: I just have a question on some animal welfare issues. I know that you followed my PMB on trying to ban live animal exports out of the port of Ramsgate. Obviously, it would be illegal under single market rules for us to do so. Are you keen to pursue perhaps an eight-hour limit of animal transport, which would be adequate within the UK and which would actually stop that pretty rough trade that is going on through my port of Ramsgate? It is the only port in the country that is actually having to transport live animal exports at the moment. What are your thoughts on that? I know you have come down, and I thank you for that.

George Eustice: Yes, it is a contentious issue that we are indeed looking at. My next meeting, which I am now late for, is a meeting with Compassion in World Farming, and I am sure that this will be one of the issues that they raise. These sorts of options become doable once you have left the European Union because we could amend the 1847 Harbours, Docks and Piers Clauses Act to enable us to put in place certain restrictions if we wanted to. We cannot do that while we are in the European Union. I have had people make representations that you could look at the maximum journey times that might deal with some of the particular problems that go on.

It is a complex area because we also export breeding stocks of pigs in particular and there are certain trades in live animals that we would not want to—

Craig Mackinlay: I do not think anyone has any problems with breeding and proper fattening; it is export for slaughter.

George Eustice: That is right, and it is about getting a consistent basis for applying these things. It is an area that we would certainly be able to look at.

Chair: The last word goes to the Chairman of EFRA.

Neil Parish: I just want to thank Sir William—Bill—very much for inviting us from EFRA to your European Scrutiny Committee. It has worked very



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well. I thank Margaret for staying to the end as well. I generally think that it is nice to have the Minister here, and we gave him a really good grilling, which is excellent, because that is what Ministers are for. Thank you very much.

Chair: Thank you, Neil, and thank you, Minister, for coming. It has been very helpful. Thank you.