



Select Committee on the European Union

Environment Sub-Committee

Corrected oral evidence: Access to UK fisheries post Brexit, environment and the level playing field and agri-food and the Northern Ireland Protocol

Wednesday 8 July 2020

10 am

[Watch the meeting](#)

Members present: Lord Teverson (The Chair); Baroness Brown of Cambridge; Baroness Bryan of Partick; Lord Cameron of Dillington; Lord Carter of Coles; Lord Cormack; Lord Giddens; Lord Goldsmith; Baroness Jolly; Baroness McIntosh of Pickering; The Duke of Montrose; The Earl of Stair; Lord Young of Norwood Green.

Evidence Session No. 1

Virtual Proceeding

Questions 1 – 10

Witnesses

I The Rt Hon George Eustice MP, Secretary of State for Environment, Food and Rural Affairs; Emma Bourne, Director of EU Exit, Domestic and Constitutional Affairs, Department for Environment, Food and Rural Affairs; Mark Thompson, Deputy Director, EU Strategy and Negotiations, Department for Environment, Food and Rural Affairs.

Examination of witnesses

George Eustice, Emma Bourne and Mark Thompson.

Q1 **The Chair:** Welcome, everybody, to this evidence session with George Eustice, Secretary of State for Defra. Today, we are trying to understand the progress towards an EU-UK agreement, particularly on the Defra and environment side.

I will quickly go through some housekeeping. First, this is a live webcast and evidence is being taken. It will be circulated to our witnesses and, if there are any mistakes in it, please let us know. I ask Members to declare their interests the first time they speak, if they have any. I record that I am a co-chair of the Cornwall and Isles of Scilly Local Nature Partnership.

Secretary of State, welcome. It is very good to have you with us. Everybody knows you well, but perhaps your two officials would introduce themselves briefly and then we will move straight into questions.

Emma Bourne: I am the director of constitution and borders in Defra. I am responsible for some of our domestic preparations for the end of the transition period.

Mark Thompson: I am deputy director of our EU strategy and negotiations team. I am responsible for overseeing all our negotiations with the EU.

The Chair: You are all welcome. Secretary of State, you have wide responsibilities at Defra—adaptation and climate change, the environment, food, agriculture, fisheries, chemicals, biosecurity and rural development. It is a very big portfolio. What are your priorities for Defra in the future relationship in negotiations with the EU? As part of that, we would be interested to understand, given the importance of many of those areas in the negotiation, how you keep in touch with David Frost and the negotiating team. Do you participate in it? Do they keep very close to you, or do they go off by themselves and hope you are happy at the end the day?

George Eustice: I will come to that point in a moment. The first thing to note, as members of the Committee will know, is that in recent decades probably around 80% of all the regulations affecting Defra have been EU derived, so for Defra there is a very big change, because we have largely been in the business of putting into place and implementing either EU directives or EU regulations.

On your initial point about our priorities, we want to take back control of those policy areas and start designing new policies that will work for the UK. We want freedom to innovate in the policy space. That is what the three flagship Bills going through are all about. In particular, the Agriculture Bill will chart a new course for agricultural policy and move away from the arbitrary area-based subsidy payments of the EU regime to something around payment for public goods.

In fisheries, it is about taking back control of our Exclusive Economic Zone and managing the fisheries resources in that space in a way that is good for our marine resources and that controls access to our waters. We are also looking at how we can deliver for our environment in a more effective way. Our priority is to be able to regain control in areas that have been set by EU policy for some time.

Within that, in the FTA, we are seeking zero tariffs on all goods, so tariff-free access for our sectors to the EU, and, in return, reciprocating and granting the EU free access for its agri-foods to the UK market. We are seeking a partnership agreement on fisheries that we think should be modelled on the EU-Norway partnership agreement. On fisheries, we want to be like Norway.

On your final point, briefly, I work closely with David Frost. Members of our team, particularly on fisheries, are very much plugged into the negotiations, and help to inform our approach. I met David Frost just this week to discuss the current negotiations he is engaged in. Obviously, there is an intensive phase now during July. We are very closely engaged. He very much seeks our view, and our policy expertise in Defra, to inform the approach.

The Chair: Are you optimistic overall that some sort of deal will be done? It seems very much on a knife edge at the moment, given the length of time we have to sort it out, as I think the Prime Minister himself has said, to make sure that we give business, of whatever kind, sufficient notice of what the terms of our final removal will be.

George Eustice: I think I am optimistic; you have to be optimistic in this area. The European Union has a habit in negotiations such as these of going to the wire before it will conclude an agreement.

It is important to acknowledge that in the first phase of the negotiations until June there was quite a difference in the two positions, in two particular areas; it is no secret, and David Frost himself explained that. The European Union was showing lack of flexibility on level playing field provisions, where it wanted to have us bound, effectively, by EU regulations for the long term. In fisheries, the EU has been slow to recognise the reality of international law. When we leave we become an independent coastal state, and that will take effect from the end of the transition period. There have been some sticking points. There has been a lack of willingness by the EU to date to revise its mandate to take account of what we are asking for. We need to try to unblock that in the next month.

We are not asking for anything unrealistic. We have sought always to use precedent where it exists. Much of what we are asking for is modelled on the EU-Canada free trade agreement. We are not looking for anything special or bespoke. We are looking for a sensible free trade agreement. We recognise that there will be consequences of that. There will be some border checks and a need for export health certificates, catch certificates and so on. We recognise that that is the reality of the stance we have

taken. We are happy to accept that because, ultimately, if we are leaving the European Union, we want the benefits of being able to set our own policies in many areas. That is quite important to us and is one of our priorities.

The Chair: I asked Michel Barnier, the EU negotiator, about fisheries. We will come on to that later. He certainly showed signs of being flexible, so let us hope that is the case.

Q2 **Baroness McIntosh of Pickering:** May I ask one question in three parts? First, every department has been impacted by Covid-19. During the course of the last three months you will have lost, through self-isolation, a number of staff. Has that had a big impact on the work you have been doing on retained EU legislation? Have you been running at full power over the last three months?

George Eustice: It has had an impact in some areas and not so much in others. The first thing to note is that we have had several runs at a potential so-called no-deal Brexit over the last 12 months. We were marched up the hill three times in total. A great deal of planning went into how we could make it work. Therefore, we have a level of understanding around the capacity to deal with export health certificates, catch certificates, all those sorts of areas, and even the legislation. You will recall that a huge number of SIs went through in the last Parliament to make retained EU law operable. That is largely in place and will be operable.

There are some further SIs. Defra has between 20 and 30 SIs that we need to put in place over the next six months or so. Some of them relate to measures that will make it easier for us to get an agreement with the EU, with alignment on things such as organics regulations and so forth. Some of them are to make sure that we are in a position to start the agricultural transition from January next year; they are powers under the Agriculture Bill to be able to start making the changes we want to make. On the legislative side, while there is still more work to do, we have identified what needs to be done, and that is on course.

The bit that it is fair to say has been impacted by the coronavirus is our preparations for border controls for EU goods coming in. Putting in place the border inspection posts, or border control posts as they are now called, and recruiting the staff to do all that work, was impacted by the coronavirus episode. To have full reciprocal checks, we probably needed to have been progressing that, developing the infrastructure and doing the development orders and so forth, from March and April. That obviously was affected by coronavirus.

To address that particular area, you will have seen that Michael Gove announced some weeks ago our intention to have a phased approach to introducing border control posts. We would start with light-touch administrative checks, principally on things that already required them, extending that to other products of animal origin, with physical checks starting from July next year.

Baroness McIntosh of Pickering: We are going to come on to that. I will merge my next two questions. In 2018, a previous Committee concluded that government preparations were not progressing quickly enough. Secretary of State, you have said that it is all about regaining control, but as businesses express it to us, they are worried about losing control. What progress has been made on developing a UK REACH agreement, putting in place everything that we need to do? Are you confident that UK chemical manufacturers will continue to be able to sell their products to the EU next year and that the high environmental standards that we have achieved will be maintained for products coming here from the EU?

As you will be aware, there is real concern about the availability of safety information. From the briefings I have seen, it could literally run into millions of pounds. What are the cost implications of running two separate regimes? What oversight will there be of the decision-making process? What resources are going to be made available to the Health and Safety Executive to run the UK regime? We simply do not have that information.

George Eustice: UK REACH was established in the last Parliament, and the software was in place ready to go had there been no deal. That is still there. Our approach will be, effectively, to launch UK REACH from day one. We will give, in the first instance, a 120-day grace period to enable companies to lodge their products on UK REACH. Those are the ones they already have on the residual EU REACH system. We will give them time to do that with the initial data. Bear in mind that this has already been assessed and there are full data packages on the EU system. There is a grandfathering system to bring across the existing ones.

We will give them a further period to supply the full dataset. We have currently set that at around two years. We think that is a proportionate approach, because it enables us to authorise chemicals that are already approved in the EU to be sold in the UK with an initial dataset, with a full dataset to follow thereafter.

The issue of cost is a difficult one for reasons that I will explain. If we get a free trade agreement, we will seek a data-sharing agreement with the EU, so that on grandfathered chemical products that are currently on EU REACH, soon to be on UK REACH, there is an ability to share the data that underpins them. That will be in everybody's interests, including the EU.

We do not think that British chemical companies that currently have EU REACH authorisations will have a particular problem selling to the EU, because most of them will either have an arrangement with an agent or a wholesaler, or indeed will have their own subsidiary somewhere within the EU that enables them, effectively, to continue to operate in the EU REACH scheme. If we cannot get any data-sharing arrangements, and no agreement on that is possible, there could start to be costs for companies marshalling the data that they currently have on EU REACH and lodging it with the UK system. That will be easier for the larger companies—Bayer,

Johnson Matthey and companies such as that—because they have access to the data. It could be a particular issue with some of the downstream companies that currently do not hold those registrations but may need to if they are an importer. There could be some issues, but we hope we will be able to solve them through the free trade agreement with some data-sharing provisions.¹

Baroness McIntosh of Pickering: That is great, but you cannot get round the problem that they are going to be operating two separate REACH systems, whereas currently they are operating only one. The Government said from the outset that they were not seeking to become an associate member of the European Chemicals Agency or to participate in REACH itself, but would that not have been wiser from the point of view of allowing companies to carry on as seamlessly as possible?

George Eustice: We looked at it, but we thought in the end that it would probably be too complicated to make it work. There was a danger that it would cross one of our important red lines, which is not going under the jurisdiction of the European Court of Justice on such matters. That is why we took the decision to establish a stand-alone UK REACH system but seek a data-sharing agreement that we thought made more sense. There is precedent for a similar approach; Switzerland, for instance, has its own system and there is an overlap with the EU system. It will often recognise things that are on the EU system, but it has its own stand-alone register of chemicals none the less.

The Chair: As you are aware, Secretary of State, the chemical industry is still very concerned about getting ahead on these arrangements. We need to move on, so I will bring in Lord Goldsmith, who is Chair of our International Agreements Sub-Committee.

Q3 **Lord Goldsmith:** I am very grateful to have been invited by the Chair of this Sub-Committee to be the Chair of the International Agreements Sub-Committee, so I am focusing more on agreements outside the EU than the agreement with the EU. One of the areas we are looking at already is negotiation with the US, Japan, Australia and New Zealand. Agri-food is plainly a very important theme for all those negotiations.

How are you and your department keeping up with those talks and, particularly, helping the negotiators on those talks to balance the different interests involved, both defensive and offensive interests for the UK?

George Eustice: That is a very good point. The answer is that we are engaged deeply at every level in those discussions. I have regular discussions with Liz Truss on our approach to the negotiations, and we discuss the mandates that we will adopt.

¹ The Secretary of State subsequently clarified that businesses will need to register substances on both systems in order to maintain continuity of supply chains. They will need to work collaboratively with other businesses registering the same substance. Transitional measures are in place for registrations already authorised under the EU REACH system.

Many members of the Committee are former government and Cabinet Ministers, and you will be familiar with the fact that on all these issues there is a full government write-around process, which means that Defra, both at ministerial and Secretary of State level is very plugged in to what is agreed and what is discussed. Separate from that, officials from Defra who are experts in agri-food trade and SPS issues are embedded in the UK negotiation teams.

Agriculture is always a complicated area. There are key officials from Defra in our trade teams who have a deep understanding of how both agricultural tariffs and tariff-rate quotas work, and they are doing some of the modelling on those sorts of areas. On our veterinary side, through the Chief Vet and her office, we deal with some of the SPS issues as well, since we will be largely responsible for overseeing the SPS chapter in all those agreements.

Lord Goldsmith: I appreciate that this is a wide topic and it is a government interest, not solely a Defra interest. Are you able to help us on defensive interests from Defra's point of view—UK agriculture and so forth? What are your key priorities?

George Eustice: Our defensive interests vary from agreement to agreement. You mentioned a number of them. I will start with Japan. Japan exports a small amount, no more than about 50 tonnes a year, of Wagyu beef under an existing EU agreement. Because Japan is quite keen to conclude an early agreement, it is likely that that agreement will be akin to a continuity agreement, rather like many of the others that we concluded last year. We do not have many defensive interests or concerns in respect of our agreement with Japan. We have lots of opportunities for market access, particularly on beef and lamb and, potentially, pork.

At the other end of the scale, the United States is quite different because it is a large agricultural net exporter. We have not got to that level of discussion yet, but we suspect it will probably be seeking access for agricultural produce. For a lot of its products, we are not a producer, or we already compete internationally. On most crops, for instance, we think it is possible to have a discussion in those areas, but there will be sensitive sectors.

In the case of the US, there will be sensitive sectors that are partly sensitive because of a differential approach to livestock husbandry, in particular, and animal welfare standards. We will need to address our approach on those sensitive sectors to make sure that we are not, effectively, undercutting our own domestic producers with products using systems that would, literally, be illegal in the UK. We are looking closely at how we can have an approach that recognises those sensitive sectors.

Finally, you mentioned New Zealand and Australia. The challenge there is probably slightly different again. New Zealand and Australia adopted a similar kind of culture to the UK on animal welfare legislation. We were the first country in the world, in the late Victorian era and early 1900s, to

bring forward on-farm animal welfare legislation. Australia and New Zealand broadly copied that and therefore have a culture that is quite similar.

The Chair: Secretary of State, we need to move on. Perhaps you could conclude on that issue fairly quickly.

George Eustice: With Australia and Zealand, the differences, for instance on animal welfare, are probably not as great as they are with the US. We will still have some defensive interests that we will need to be mindful of, particularly in the sheep sector.

Lord Goldsmith: I am very grateful. Sorry, I am overstaying my welcome. Thank you very much, Secretary of State.

The Chair: Not at all, but I ask that we keep questions and answers relatively short so that we can get through the agenda. We move on to the rather contentious area of fisheries.

Q4 **The Earl of Stair:** The Government's current plan is to model future annual negotiations on fisheries on an arrangement similar to that with Norway. The Norwegians are basing their agreement with the EU on five different fish stocks. We have considerably more. Have you assessed what UK resources, of both staff and time, will be needed for an annual renegotiation of quota allocations on all the fish stocks shared between the United Kingdom and the EU?

George Eustice: The picture there is quite positive. Within Defra, we have Cefas, which is probably the leading fisheries science agency in the world. Carl O'Brien, our chief fisheries scientist, is the deputy president of ICES, which collects all the data on these matters. It has always been the case that UK officials, principally through Cefas, but also the MMO and Defra, have a lot of expertise in this area and largely inform the approach that the European Union has already taken to other negotiations. Indeed, at December Council, it is usually the UK that picks up errors in calculation, for instance on the biomass of a particular stock.

We have a powerful resource in Cefas. It gives us a good understanding of how we should approach individual stocks. It has already done quite a lot of detailed work on zonal attachment, for instance. We start in a very good place, but we are looking at whether we need to build some capacity around the negotiation teams as well. That is being considered. It is not a standing start because we have always done a large amount of work to inform the EU position anyway.

The Earl of Stair: It is very useful having a basis to start working on, but if we are negotiating on a considerably higher number of stocks, more time and more staff will be needed. Do you have any plans to increase staff and the time allocation?

George Eustice: As I said, the teams are looking at whether we need to build capacity. I think we will be bringing on additional staff to bolster those teams, but I do not think it will need to be a significant change. In

fact, there is a big premium in having people who are experienced, who have been doing this anyway in Defra over the last decade or so, since they understand how the negotiations work. As always, the difficulty of bringing in new people who do not have that experience, or that hinterland, is that sometimes what they can add is less than you might hope.

The Earl of Stair: What are the financial implications, and who will pay?

George Eustice: If we were to expand Cefas, or indeed our internal team, it would be a Defra-funded endeavour. We have already had significant additional funds from the Treasury to deal with Brexit and to prepare for it. I suspect that in a post-EU world some of those would continue and there would be an appraisal of what additional support was needed in such areas.

The Earl of Stair: There would be no further financial implications for the fishing industry.

George Eustice: No, the negotiation team is very much funded by the Exchequer.

The Chair: We are going to continue with fisheries and get to the heart of the issue.

Lord Giddens: Thank you very much for your fluent answers so far, Secretary of State. I come back to, as was said, the thorny issue of fisheries. Where do you see the potential landing zone for a fisheries agreement? What compromises do you think might be possible? Monsieur Barnier has arrived in London talking about possible creative decisions. Apparently, he had halibut for dinner in Downing Street last night. Perhaps that is a good sign. How far is the gap between the two sides getting closer to being closed?

George Eustice: It is fair to say that the gap remains quite wide at the moment. Our sense is that there might be a slight change from the EU, and that within the Commission, and DG MARE in particular, there is quite a lucid understanding, if I can put it that way, of international law in this space. They conduct international fisheries negotiations with Norway, the Faroes and others, and understand what it means to be an independent coastal state and what that means in international law. They are starting to understand that the starting point is not the common fisheries policy and what we might like to have that is a little better than that. The starting point is that we are an independent coastal state. That is an important starting point, but we are still some way from being able to discuss where a landing zone might be.

Our view is that a sensible landing zone is something where there is some precedent. We think the EU-Norway partnership model is a sensible starting point, in that it commits to annual negotiations, and discussions on access and sharing arrangements. Over time, it settles into a relatively stable approach because you get to a sense of reasonably

stable but fair shares, and things can move forward from that. The principle of annual negotiations to discuss these matters with our neighbours is the starting point, and that is what we have to get to first.

Lord Giddens: Has the EU not been fairly dismissive of the Norway model for the UK so far? Do you think that gap can be closed?

George Eustice: It can be closed because, if there is no fisheries agreement, the default is what is set out in the UN Convention on the Law of the Sea, and the UK would become an independent coastal state by default. That, rather than the CFP, is the legal baseline.

The UK only catches about half of the fish in our own waters. The other half is, effectively, given as an allocation to other parts of the EU fleet, in particular from France, Belgium, Ireland and Denmark. It is understandable in some ways that they will be apprehensive about a departure from the arrangements they have. Set against that, they understand international law in those areas and the importance of abiding by it.

The Chair: I think they also understand the politics where, as in our own country, the fishing communities feel very strongly, as do the politicians representing them. I think that is part of the difficulty. We are going to move on to a similar subject.

Q5 **Lord Cameron of Dillington:** Carrying on with the whole question of the Norway agreement and the annual allocations, can we find a landing ground? If you could get the principle of zonal attachment in there, would you be prepared to agree to a multiannual plan, which would give some reliability for the industry on both sides of the Channel and might undermine some of the suspicions the Europeans have about the annual allocation of quota?

George Eustice: We are not at a stage to be able to do that at the moment. Our view is that the starting point is to get text agreed on the partnership agreement. As I said, we have published a text modelled on the Norway approach. Under the Norway approach, issues such as access and shares are discussed annually. It is the case that over time the sharing and access arrangements develop a kind of inherent stability, but it is not necessarily fixed in an agreement.

The other point is that it is not uncommon for there to be a multiannual agreement on an individual stock, but not necessarily on all stocks. There is for, instance, a multiannual agreement on mackerel at the moment that covers the Faroes and the EU; and for Norway there is a sharing agreement on coastal states that runs for several years. It can happen on individual stocks, but we are not in a position to be able to even get to that point yet. The key thing is to get the text agreed first. That is effectively the partnership agreement that sets out the rules of engagement in the annual negotiations.

Lord Cameron of Dillington: I have two further questions. When is the latest date you might be able to settle with the EU to establish 2021

TACs? We have very valuable fisheries exports to Europe. What sort of preparations has Defra made for the possibility that games will be played on tariffs, or, perhaps even worse, that there will be wildcat strikes at French ports or Spanish ports as regards our exports?

George Eustice: On your first point, the original withdrawal agreement envisaged that we would have a fisheries partnership agreement in July. The genesis of that was largely aligned with the opportunity to extend the transition period. That was the thinking from the EU side in putting in that particular date. It has less relevance now than it once did, because we were always clear that we would not extend the transition period. If we can put together a partnership agreement, even if it is a little later this year, that would be fine.

In the final analysis, annual negotiations occur every year during the month of November and, in the case of the EU December Council, right up to the middle of December. It could be left as late as December to get a final agreement on TACs and quota shares and access for 2021. That is not at all unusual in fisheries negotiations. Indeed, the EU-Norway negotiation sometimes goes into extra time, and occasionally is not concluded until the end of January. During the month of January, access arrangements are suspended while negotiations continue. We could go quite late in getting a final agreement.

Lord Cameron of Dillington: What about Defra preparations for maintaining our exports?

George Eustice: If there is no free trade agreement, there is a high probability that the European Union would put MFN tariffs on our fisheries exports. We have looked at that quite closely. Although tariffs on exports are always going to be unwelcome, it is important to note that on the key species we export the tariffs are reasonably low. Farmed salmon from Scotland is a big export and the tariff there is only about 2% or 3%. On shellfish, it is an average of around 7% to 8%. We would not want those tariffs if they could be avoided, but they would be manageable.

The message from the industry generally is, "Don't sell out the catching sector on our behalf". They can cope with tariffs, but the fishing industry wants us to regain control of our EEZ and get a fairer settlement of fisheries resources for our fishermen.

The Chair: We will move on to the broader area of agri-food.

Q6 **Lord Carter of Coles:** This Committee has sensed considerable anxiety from the Northern Ireland agri-food sector, particularly around the checks and controls required on goods moving from GB to Northern Ireland. Which parts of the UK-EU relationship are the Government prioritising to reduce those checks?

George Eustice: There is a Joint Committee process to work through the very precise granular detail of the Northern Ireland Protocol and how that would work. Stepping back, when I was engaged in some of the no-deal preparations in the last Parliament, some of the most difficult intractable

problems we had were around agri-food trade going from Northern Ireland to the Irish Republic. From memory, around 35% of all milk production in Northern Ireland goes south. Working out how to do export health certificates and cope with customs arrangements and so forth to enable that trade to continue was one of the big difficulties we had.

Northern Ireland and the Irish border has been a difficult issue to try to resolve throughout the process. In the end, we made a judgment call that it would be better to have, through the Northern Ireland Protocol, some limited arrangements at points of entry in Northern Ireland to manage the situation, so that there would not be all the consequential difficulties on the Irish border. Obviously, that creates some challenges, but we have been working very closely with DAERA to identify what would be needed under the Protocol. We will continue discussions with the EU on precisely the scope and extent of the checks that will be required at some of the key points of entry.

Lord Carter of Coles: How confident are you in the time that is ahead of us that you will be able to get effective checks and controls that do not retard the movement of goods?

George Eustice: I am reasonably confident. Obviously, time is tight, as always with these things. There is clarity in the Northern Ireland Protocol about the types of SPS checks that are required. We will be discussing certain things through the Joint Committee process. One of the most difficult things, perhaps, is around composite loads from supermarkets—taking a lorry with multiple products to an individual store in Northern Ireland. We will be trying to work out whether there can be special provisions on that, otherwise it will cause quite an issue. We know that those goods are not at risk of entering the EU market because they are going, by definition, directly to stores in Northern Ireland.

We think that we can resolve those difficulties. We have already lodged some initial applications and proposals with the European Commission. Dialogue is ongoing and we are working closely with DAERA. Yes, there are challenges, and it is a challenging timescale, but we think we can deliver it.

The Chair: Secretary of State, you will be aware that we have sent you a letter about Northern Ireland. The industry there is pretty desperate to know what, practically, it needs to do. We had a joint meeting with our equivalent committee of the Northern Ireland Assembly. The great news is that the DUP, Sinn Féin, the UUP, the Alliance Party and the Greens were all completely united with one voice. I have never heard that from Northern Ireland before. They were all desperate to understand the details of what they had to do about providing infrastructure, as well as being very concerned about the timescale. I will leave you with those comments and ask the Duke of Montrose to come in finally on this particular aspect.

The Duke of Montrose: I declare an interest as a former livestock farmer whose family continues with that. As the Chairman was telling us,

in the briefing we had there were worries about the EU asking for export certificates for anything from Northern Ireland to the UK. What would be the challenges for the Government in delivering the Protocol arrangements in the absence of a UK-EU trade agreement?

George Eustice: The crucial thing about the withdrawal agreement and the current approach on the Northern Ireland Protocol is that, whether or not we have a free trade agreement with the EU, there is at least clarity about the approach we would be taking around the Northern Ireland and Ireland border. It means that farm businesses and food businesses that currently send their products to the Irish Republic and bring them back up to Northern Ireland have clarity about how arrangements will work and know that there will not be checks at the Ireland border. There is also clarity about what types of checks, under the Protocol, we would need to put in place at the point of entry into Northern Ireland from GB.

The other key thing is that the Prime Minister has stressed all along that we will be giving unfettered access to trade from Northern Ireland to GB. In a very small number of areas, for instance where there is an international convention such as CITES that has particular requirements that are difficult to get around, there may need to be some modest checks, but, otherwise, there will be unfettered access to the GB market for goods coming from Northern Ireland.

Q7 **Baroness Jolly:** I am not sure when you last met people from Northern Ireland agribusiness, but they have spoken to us and there are serious concerns regarding regulatory divergence between Great Britain and Northern Ireland in the relevant common frameworks. How are you responding?

George Eustice: We are dealing with that through unfettered access. There will be issues, and we will need to put in place approaches and frameworks in the context of the UK internal market. We are working with the devolved administrations on that. We do not see the fact that England or other parts of the UK may over time diverge in some areas from the European Union, but Northern Ireland will not, as necessarily a major problem for the UK internal market. That is why we are confident that we can guarantee unfettered access. I am conscious that neither of my officials has spoken. Emma Bourne has been doing some work on that and she might like to add something.

Emma Bourne: The only point I would add is that we are engaging very closely with the businesses that you describe in those sectors and working very closely with colleagues in the Northern Ireland Office. They have quite a deep set of business engagement arrangements in place. Part of what we are doing is listening to feedback and thinking about how we implement the unfettered market access approaches that the Secretary of State described in that context.

We set out the guiding principles for how we would do that in the recently published Command Paper. We recognise the issues, and we are listening very closely to the feedback to ensure that we reflect it in the operational

approach on the ground. We are being clear with them and getting the information flows out as much as possible. Clarity of information is critical, as much as the operational arrangements on the ground.

The Chair: The Command Paper was very much welcomed by our Northern Ireland witnesses, but they were desperate for the detail beneath that.

Baroness Bryan of Partick: The witnesses who spoke to the Committee, and the written submissions, were very concerned and far less comfortable that it will be resolved easily. Their concerns are about the additional checks and controls that might be required when we begin to do deals with the rest of the world that could permit produce of different standards to enter Great Britain. The presence of those goods would begin to impact on the ability to compete.

When proposing new agri-food standards, will you assess the impact of divergence between Great Britain and Northern Ireland on the need for checks and controls between the two markets, and on the ability of Northern Ireland companies to compete in the Great Britain market? To follow up something you said about divergence, it is possible that the devolved administrations could enhance their standards by comparison to the rest of the UK and the EU. What impact might that have?

George Eustice: In our considerations on all future free trade agreements with the rest of the world, whether the US, Australia or New Zealand, a big part of the test we will be applying is how it affects individual parts of the UK. In Wales, there is a large sheep industry. There is a significant beef industry in Scotland. Northern Ireland has a very large poultry sector. We will be taking all that into account in the trade agreements we make.

We have been very clear that in all those trade agreements we will decide our own SPS standards. Although I understand the anxiety, I suspect it is misplaced, in that, although there will be some divergence in regulation over time in some areas, I do not think it will be sufficient to cause major competitive issues vis-à-vis Ireland coming into the GB market.

The Chair: Secretary of State, it is worth saying that we are not taking just pessimistic evidence. One of the things that Northern Ireland industry sees as a great opportunity is the fact it has one foot in the single market and at the same time it has a foot in the UK single market. It wants the ability to make the best of those rather than lose out on both, which I suspect at the moment there is concern about. As a Committee, we ask you to keep to the fire the feet of your government colleagues who are negotiating these things, to get things resolved in Northern Ireland and the Protocol as soon as possible.

Lord Cormack: As a former Chairman of the Northern Ireland Affairs Committee, I emphasise the importance of the points made by my colleagues and the Chairman. I fear for the future of the United Kingdom as far as Northern Ireland is concerned, unless we get a suitable deal by

the end of the year. There is real unanimity of concern, which I have never seen before, across all parties in Northern Ireland. I ask you to take that on board when you discuss this with your colleagues.

George Eustice: I very much will. I know, Lord Cormack, that you have lots of experience and that you understand all the complexities in Northern Ireland far better than I do. We are absolutely alive to the challenges of the Protocol. We are working out how to approach trade on both the island of Ireland and at the Irish border. Squaring the circle with the importance of the integrity of the UK has been one of the great intractable problems as we chart a course out of the European Union. To square the circle, there have had to be certain compromises. We think that we have made the right ones to make it work as effectively as possible. We are absolutely applying ourselves to getting the detail right through the Joint Committee process.

Q8 **Lord Cormack:** I am glad to hear that, and I wish you success, of course.

Moving on to the environment, what alternatives are you considering to the initial environment non-regression proposals? Would you yourself accept a reference to agreed common standards and recourse to sanctions for a small second set of environment and climate policy areas that can impact on trade?

George Eustice: That is obviously an area that David Frost, our negotiator, will lead on. Generally, we have taken the view that on so-called level playing field requirements we would not go further than some of the standard approaches in other FTAs, such as the one with Canada.

The other important thing from my point of view is that, as we come out of the European Union, we should start to have our own ambitions and not simply cling on to what the EU is doing. Through the powers in the Environment Bill, we should set our new ambitious environmental targets, and set out the new governance infrastructure through the OEP, to ensure that we maintain progress and, crucially, create the space for policy innovation, so that we might be able to deploy environmental policies that achieve more for the recovery of habitats and species than some of the approaches in the past.

We have no intention of regressing, if by that you mean that we would abandon certain protections that we have in place now. We want to ensure that we have the freedom to pursue innovative policy that might do better, and not to be so restrictively bound to an EU approach that we cannot innovate and deliver for the future.

Lord Cormack: That is good to hear, but can you give the Committee an absolute assurance that there will be no renegeing on standards that we have publicly proclaimed are truly crucial?

George Eustice: Yes. That is what the Environment Bill is all about. It sets out lots of different targets in all the key environmental areas. We are setting up a governance framework, as I said. It also has lots of other

things around extended producer responsibility and biodiversity net gain in the planning system. There is a lot in the Bill that takes us further, beyond the types of protections that came through things such as the Habitats and Birds Directives.

Lord Cormack: I think you will find that the Bill gets very careful scrutiny in the House of Lords. I hope you are ready for that, and I hope that you will be willing to listen to what the many environmental experts in the House of Lords—I am not talking about myself—will say during the Bill. The Bill will need careful scrutiny and some degree of amendment. I hope it will not lead to any clash between the two Houses.

George Eustice: Your Lordships always provide detailed scrutiny of every Bill, and, of course, the Environment Bill is a very large Bill.

Lord Cormack: Indeed it is.

George Eustice: I fully expect it to get thorough treatment and scrutiny in the Lords.

The Chair: We are enjoying the Agriculture Bill at the moment.

Lord Cormack: We are indeed.

The Chair: A large number of the Members here are involved in it and the 350-odd amendments.

It seems to me, Secretary of State, that whether it is climate change or environment, both sides, the UK and EU, absolutely have the same aspirations. It seems somewhat of an irony to me that, somehow, we seem to have got into a technical area that is one of the major divisions between us, when the aspirations of both sides seem very clear, and, of course, we have worked very closely together in the past.

Q9 **Baroness Brown of Cambridge:** I declare an interest as vice-chair of the Committee on Climate Change and chair of the Adaptation Committee of the Committee on Climate Change.

Secretary of State, you said in your opening remarks that zero-tariff access was one of your top priorities. We have been hearing comments from Mr Frost and Mr Gove about potential compromises on an environment and climate level playing field, one of those being, potentially, some use of tariffs as an alternative. Are you actively trying to persuade the EU that an agreement that includes some tariffs is an alternative to the proposed environment and climate level playing field provisions?

George Eustice: I may ask Mark to come in on this, as he is dealing with some aspects of the trade deals. Generally, our position is that we are seeking zero-zero on all goods. We think, not least since we are a significant net importer, particularly in agri-foods, that that is in the interests of the EU as well. As a country, we are outward facing and quite liberal, so we think a zero-zero tariffs approach makes sense.

If it turns out that the sticking points and differences around things such as level playing field provisions mean that the European Union is not willing to entertain zero-zero on all goods, we would be open to a discussion about tariff liberalisation on goods where we are able to achieve it. It may be that some tariffs remain in place on some goods. It may be that in some areas in agriculture and fisheries we might agree a tariff-rate quota—TRQ—on a reciprocal basis, if that was an alternative approach. Our starting point is zero-zero. However, rather than have no FTA at all, if the European Union is not willing to go to zero-zero in the absence of a level playing field requirement but would be open to some mutually beneficial exchanges on some goods, we should have that conversation.

Baroness Brown of Cambridge: Are we proposing that to the EU? If so, what kind of response are we getting?

George Eustice: You will understand that the negotiation is very much live. As Lord Giddens pointed out, Monsieur Barnier is here at the moment for the second round, and David Frost's team was in Brussels last week. I would not want to describe any conversations he might be having in those negotiations, because that is a matter for him to consider. Generally speaking, as I said, we think zero-zero on all goods is the right approach, but, if the EU will not do that, of course there would be openness to discuss an FTA. An FTA that delivers some agreements is better than nothing at all, in our view. Mark, do you want to add anything?

Mark Thompson: You are spot on, Secretary of State. As you said, we are going for a precedented agreement. There are lots of agreements that the EU has signed, such as those with Canada, Korea and Japan, where it got very close to zero-zero without any of the quite stringent level playing field commitments that the EU is looking for from us. We do not think we need to agree to those and, as the Secretary of State said, effectively to be bound by EU law. If moving away from zero-zero is what the EU required from Canada, Korea, et cetera, it would be in line with precedent, but at the moment both sides have set out in the political declaration that they are aiming for zero-zero.

Baroness Brown of Cambridge: Following what Lord Teverson said, with the commitment of both sides to very strong climate and environmental goals, do we have other things we can propose to move things forward rather than moving, potentially, to having to have some tariffs? It is deeply frustrating to see that from the outside.

George Eustice: The area on tariffs would be if the EU was unable or unwilling to grant tariff-free access on certain goods without alignment—for instance, on SPS measures, or other technical product standard measures. When it comes to big issues such as climate change, it is a very different matter.

We have other international agreements and obligations. We have our own commitments internationally. We are hosting COP 26 next year. We

have nationally determined contributions to carbon reductions. It is those international agreements that drive our approach to reducing carbon emissions, not something the EU does. We are all working towards the same goals through other international fora. That should not be dependent on the FTA with the European Union, which is much more around product standards.

The Chair: In the political declaration signed by the present Government, the level playing field is quite high profile. Is that a difficulty in the negotiations when it comes to an environmental level playing field?

George Eustice: Mark may come in on the specifics. Different people have a different interpretation of what level playing field means. Our view is that level playing field requirements are quite common in FTAs. They are broad overarching commitments to non-regression, and so forth, similar to what Canada and the EU agreed. The difficulty to date is that the European Union has seen level playing field as meaning that we would have to abide by certain EU regulations and subject ourselves to the European Court of Justice. The difference lies in what people interpret a level playing field requirement to be.

Q10 **Lord Young of Norwood Green:** Secretary of State, it was fascinating to hear your contributions today. I suspect that you have already covered the territory I wanted to explore further with regard to manufacturing industries, for whom securing access to the EU market may be more important than resisting the EU's level playing field provisions.

You seem very confident that a free trade agreement is better than no deal, and you do not seem too worried about tariffs. You are fairly confident about the zero-zero tariff approach. It does not seem to me that you are in the mood for anything that relates specifically to the EU level playing field, for the reasons you have previously stated.

George Eustice: Yes, that is right. On the food manufacturing side, for meat processors, for instance, particularly those processing lamb and exporting it to the European Union, there would be significant tariffs on lamb in the absence of an agreement. That is probably our number one concern, in the absence of an agreement. After that, there would, potentially, be some issues around barley.

For most of our food manufacturers, it varies from manufacturer to manufacturer. A lot of the brands of companies such as ABF or Premier Foods, two big conglomerates, are based in the domestic market. They are very much British brands; although they are global companies, they have subsidiaries in other countries operating as part of the group.

There are other companies, such as Unilever, which in the last 20 years have been very much operating a pan-European model. They have developed and delivered pan-European brands with a lot more cross-border trade, rather than national brands in national markets. Different businesses would have a different perspective, I suspect, on the importance or otherwise of having an FTA agreement.

Lord Young of Norwood Green: As regards the current negotiations, is there anything you could do, perhaps in the Environment Bill, to assuage the EU concerns?

George Eustice: I do not think so. The Environment Bill should, I hope, already give the EU a lot of reassurance that the UK takes its environmental responsibilities seriously. Obviously, the last Labour Government introduced the Climate Change Act that set the course for a decade of carbon reductions in this country. The current Government are bringing forward a new Environment Bill that again sets out a whole framework of targets for environmental improvement. I hope that the EU will take from that reassurance that we are serious about improving our environment.

The Chair: Before we wrap up, may I check whether Emma or Mark would like to come in with anything else? Thank you for your contributions so far.

Emma Bourne: There is nothing in particular in addition to the points the Secretary of State raised. Thank you.

The Chair: Mark, is there anything else you want to bring in?

Mark Thompson: Nothing from me, thank you.

The Chair: Secretary of State, thank you very much indeed for coming in front of us. We found it very useful. I think you are quite clear about our main messages. On Northern Ireland there is a lot to fix. It is the detail that is needed. We understand that side of it is not completely in your control, and it is for the Northern Ireland Secretary of State and the ongoing negotiations.

On the fisheries side, we cannot let the fisheries industry stop a sensible deal between the EU and the UK. We understand the difficulties, but I am sure from having spoken with Michel Barnier at EU Committee level that there is a landing zone somewhere. As we have just said, on the level playing field side, when the two blocs have the same aspirations, there has to be a way forward.

We wish you every success in your negotiations. We very much hope that there will be an agreement. Is there anything, Secretary of State, that you want to give as a final message before we finish?

George Eustice: The ongoing negotiations are a crucial final phase, and it is very important to see what progress we can make by the end of this month. Hopefully, progress will be made. We understand, though, that there will come a point when business needs to know what it is preparing for. We would not want negotiations to drag on and business to get to the late autumn and not know what environment it should be planning for in January. It is quite an important phase. We need to try to bring these negotiations to a satisfactory conclusion.

The Chair: We absolutely agree with you. The other thing I should have

mentioned is REACH and the chemicals industry. The chemicals industry is the second largest industry in the UK, and there is still a lot to be sorted out there.

Secretary of State, Emma Bourne and Mark Thompson, thank you very much indeed for being our witnesses. I bring this formal public session to an end.