HOUSE OF LORDS

Select Committee on the European Union

Energy and Environment Sub-Committee

Corrected oral evidence: Brexit: Food Security

Wednesday 7 February 2018

10.30 am

Watch the meeting

Members present: Lord Teverson (The Chairman); Viscount Hanworth; Lord Krebs; The Duke of Montrose; Lord Rooker; Lord Selkirk of Douglas; Baroness Sheehan; The Earl of Stair; Baroness Wilcox; Lord Young of Norwood Green.

Evidence Session No. 1 Heard in Public Questions 1 - 11

Witnesses

I: Walter Anzer, Director General, British Food Importers & Distributors Association; Professor Tim Benton, Dean of Strategic Research Initiatives, University of Leeds and Distinguished Visiting Fellow, Chatham House; Sue Davies, Strategic Policy Partner, Which?; Professor Tim Lang, Centre for Food Policy, City University of London; Terry Jones, Director General, NFU; Andrew Opie, Director of Food and Sustainability, British Retail Consortium; Ian Wright, Director General, Food and Drink Federation.

Examination of witnesses

Walter Anzer, Professor Tim Benton, Sue Davies, Professor Tim Lang, Terry Jones, Andrew Opie and Ian Wright.

Q1 **The Chairman:** Welcome, everybody. Can I thank you all for coming along to this session? We will not start the clock quite yet, but we are very grateful to you all for having attended. The session will last for two hours, so because it is such an interesting topic and fairly broad, and given all the expertise we have, I am going to have to be fairly draconian on the timing. For instance, I am going to give everybody two minutes—I think you are aware of that—to make introductory remarks. I really need you to keep to that; otherwise it does not really work. If you can all do that, thank you.

I will remind members formally, if they have any interests, to declare them. Just to note for everybody, the session is going to be transcribed, and we are being webcast. If there is anything in the transcript that you feel is inaccurate in terms of what was said, if you come back to us, we will address that. Although this is not a full evidence session in terms of the way we normally do things, if there is something that you feel is really important about this issue that you have not managed to say, by all means write to our clerk, making those points, because we might move this inquiry on further.

This is a one-off session in our Brexit series to do with the environment, energy, agriculture and fisheries, and this is Brexit and food security. There might be a photographer from the House authorities who takes a number of photographs of us during the session, so do not be put off by that. Perhaps I could ask everybody to briefly introduce themselves, including members, with a sentence each.

Lord Krebs: I am a Cross-Bencher, and by background an academic—an ecologist—from Oxford University.

The Duke of Montrose: I have recently handed over a farm to the next generation.

Professor Tim Benton: I am from the University of Leeds and Chatham House, and I work on food systems and their future.

Lord Rooker: I am a City boy, but ex MAFF/Defra and the Food Standards Agency.

Andrew Opie: I am Director of Food Policy at the British Retail Consortium, which is the trade association for major retailers, including all the supermarkets.

Lord Young of Norwood Green: I am a Labour Peer and former junior Minister dealing with skills and apprenticeships.

Terry Jones: I am Director-General of the National Farmers' Union, representing farmers and growers across England and Wales.

Baroness Wilcox: I am a Conservative; I was a Business Minister. Intellectual property was my interest. I am President of the National Consumer Federation.

The Chairman: I chair this Committee. In terms of my interests, I am also a board member of the Marine Management Organisation.

Walter Anzer: I am the Director of the British Food Importers & Distributors Association, representing famous brands such as John West and Princes. I also look after the vinegar brewers: people who brew vinegar here in the United Kingdom.

Baroness Sheehan: I am a Liberal Democrat Peer.

Ian Wright: I run the Food and Drink Federation.

The Earl of Stair: I sit on the Cross Benches. I have come down from Scotland, and I am actively involved in farming.

Professor Tim Lang: I am Professor of Food Policy at City University of London, at the Centre for Food Policy. I was a farmer a long time ago.

Lord Selkirk of Douglas: I am a Conservative. I was Minister for the Environment at the Scottish Office for a number of years. My interests are registered in the register of interests: an interest in a small family company, with a possible interest in one or more turbines.

Sue Davies: I am a strategic policy adviser at Which?, the consumer organisation.

Viscount Hanworth: I am a Labour Peer, and I am an academic mathematician.

Q2 **The Chairman:** Thanks, everybody, and let us get into the business itself. Professor Benton, perhaps I could ask you to start off with two minutes' introduction.

Professor Tim Benton: I want to make about five points. A third of our food comes from the EU; we all know this, and some 50% to 60% is home produced. This balance is a result of the interplay between three important areas: our trade policy, standards and all the rest of that; agricultural policy, our subsidies and how we incentivise farmers; and economic performance. Between those three things come what is available and the price of food for people.

Food systems are essentially for people. We tend to think about public goods in terms of cheap food being a public good but, if you think about it in the round, consumers have a right to food. They have a right to food security enshrined in international law. That is about healthy diets, sustainably produced. Citizens have public goods associated with the production of food, in terms of the look of the landscape, biodiversity, air quality, water quality, and so on. Citizens also have a right to security that comes through national security, which can be perturbed by our trade relationships with countries overseas, particularly if we are, for example, bringing in large quantities of embedded water in produce, leaving people with less water in a world of climate change.

We have food systems for people. Food is, in general, associated with a whole lot of public goods for consumers and for citizens. We tend to overthink that cheap food is the prime thing that we should be aiming for, whereas values are much more diverse than the value of food. We have a whole range of values that have been highlighted in some of our discussions: pathogen reduction treatments for poultry in the United States, GMO, hormone injection, et cetera. People worry about being fairly traded and livelihoods. People worry about the embodied association with environmental quality, and so on. It is not because people want cheap food that cheap food is seen as a public good. It is often that people want different sorts of food, but they do not trust the food system to deliver it, because it is not transparent enough.

The Chairman: I think we are pretty well there.

Professor Tim Benton: Is that the two minutes? Can I make one final point? This is the question with respect to the EU: if not the EU, where does the food come from, if we are bringing less in because of tariffs and non-tariff barriers? We did a recent analysis showing that, outside Europe, it is normally associated with much lower environment goods and social goods, so there is a risk to the values for people if we are moving into a lot of new trade partnerships.

Andrew Opie: This is the most important issue for consumers, which is why we have been running our campaign, A Fair Brexit for Consumers, for the last 18 months. Focusing on getting a good deal with the EU is absolutely essential for UK consumers, and it is not surprising when you look at our supply chain. It is so dependent on and integrated with the EU, after trading with it over decades: no tariffs, shared regulation, seamless trade. It has developed a really highly efficient system that delivers for UK consumers.

Data from our members, the major retailers, shows that nearly 80% of the imported produce we sell in UK supermarkets is from the EU. If we were to revert to the current EU MFN tariffs, the average tariff on that food would be 22%. Add in the extra costs of transporting food across borders and regulated borders, and it is clear that there is going to be an impact on price. Those additional border checks will also slow up our just-in-time deliveries, shortening shelf life and adding uncertainty to availability in store.

The immediate issue for us is to ensure that we have a transition period, to allow time for our businesses and the Government to develop the infrastructure and systems to cope with additional controls. The ports, where the majority of fresh, perishable food is imported, do not have the facilities to hold vehicles for additional food safety checks and plant health checks, so if we left without a deal in March 2019 that would have a major impact on the availability of meat, processed foods, fruit and vegetables.

Finally, the transition period allows us to ensure that the bilateral agreements that the EU has negotiated with other countries, worth about 9% of our imports, are in place by the time we finally leave the EU.

The Chairman: Yes, that area is sometimes forgotten about.

Terry Jones: I will start off by reflecting on the good relationship that we enjoy with the whole of the food chain. The UK food supply chain serves consumers very well in terms of value, choice and availability. I know from working very closely with the BRC that farmers, manufacturers and retailers are united in their desire for this to be maintained, and for there to be as little disruption as possible to the existing relationships and trade flows.

Turning to farmers and some of the questions we might seek to answer today, with the right market signals and policy framework in terms of trade, availability of labour and future domestic agricultural policy, farmers will invest for the future. Those investments, in turn, will increase productivity, improve standards—to Tim's point—help to reduce waste, and maintain the sector's competitiveness. I believe that those will translate into long-term benefits for consumers.

At various times today, no doubt, we will talk about the impact on trade, and the impact that that will have on the unfinished or raw material agricultural price—the farm gate price—but that is just one element in the overall retail price. I would remind members that labour, packaging and energy costs are among the other factors that will determine the final price paid by the consumer. I know that Andrew has done some analysis on that.

To conclude, reflecting on what we have heard already, there are some lessons from the near past. Ten years ago, we experienced global food commodity price spikes. Only last month we observed the five-year anniversary of the "horsegate" scandal. A thriving domestic food and farming sector, with well-developed relationships and good, short supply chains, rather than a "trade with all comers" approach, should help the UK to insulate itself from price volatility, variable standards and, most importantly, food fraud.

The Chairman: Is it five years ago already? That is quite something. We will move on to the importing side.

Walter Anzer: We share the opinions of the food industry. They are relatively similar, with the exception that imported food is brought in not just from the EU but from third countries with which the EU has trade agreements. The major problem at this time is the lack of information. We do not know what tariff we are going to trade under. If we fall back on the WTO tariffs, there is an estimated cost of £400 million, which will be passed on to the consumer. I am talking here really about ambient food, fish, meat, vegetables, tomato products, olive oil and products like that, which are all imported in one way or another.

It is always important for us to know what they are going to do with these trade agreements. I have meetings with the Civil Service where they say, "Yes, we are working on it. We are going to transfer these trade agreements in time for March 2019"—but, if you look into it and the legal implications, how are they going to do it?

To keep it short, the main thing is paperwork: what paperwork are we going to use once we leave the EU in March 2019? Maybe there will be an extension. My members have to make contracts now for the next 12 to 15 months with retailers. That is the usual thing. They are already taking the risks and working around them, and basically they say, "A two-year extension is a waste of time, because we have to trade now, well beyond 2019".

Finally, I sit on the customs committee, and I constantly ask this question: when are you going to employ customs officers? We do not have enough; they could not handle it. Felixstowe has insufficient manpower to handle the traffic, and there is a risk that, if we have lengthy delays in ports, shippers will simply decide to drop goods off in Rotterdam. They go to Rotterdam, to Felixstowe and on to Hamburg, and then they have to re-schedule or go back without cargo. If they get long delays, they just will not call at UK ports.

Ian Wright: Thanks for inviting us to have this conversation. It is timely. In the Food and Drink Federation, our view is that the impact of Brexit on food has not been properly debated in the public discourse in recent times. It is a welcome chance to do that here. The answer to the exam question, "Could Brexit have an impact on the availability of food and/or the price of food in the UK?" is yes. It is not just yes. It is, "It will". That is what is going to happen.

The Chairman: Do you wish me to finish the session now?

Ian Wright: Time is up. People have forgotten—and it is rare for me not to be the oldest person in the room these days—

Lord Rooker: Thank you.

Ian Wright: You have self-nominated.

The Chairman: We were all behind you for a while.

Ian Wright: I will shut up now. People have forgotten that, 40 or 50 years ago, we did not enjoy today's level of choice. We did not enjoy the range; we did not enjoy the difference price points; we did not enjoy the quality of food that we enjoy today. It is not a given that we will continue to do so, and Brexit poses the biggest single threat to that situation that we have seen in our lifetimes.

I am old enough to have had a ration book. I did not use it, but I am old enough to have had one. I do not think that the British people voted in any way to go back to those dark times in the 1950s when choice and availability were so constricted. It is time that the Government recognised that food is a matter of national security. I say this often: if you cannot feed the country, you do not have a country, and government's first duty is to feed the country. Any oxygen that we can give to that debate during the course of the next two hours must be welcome.

The Chairman: Thank you, Ian, for some strong points there.

Professor Tim Lang: I am going to echo what Ian has just said. The way in which there has not been a discussion about food security is extraordinary. The UK food system is much more fragile, not just for the strategic reasons the last two speakers said, but going back to Professor Benton. The real challenge that Britain's food system ought to be addressing at the moment is sustainability, and Brexit is a major disruptor of that. That worries me greatly.

Say that the disruptions occur that a nightmare scenario could certainly paint. Britain does not have a navy that could protect supply lines. There should be a bit of longer-term thinking. I have been looking at a comparison of the navy today with 1939. It consists of 77 ships. In 1939, it was about 1,500 ships. If we really want to think strategically, long term—and this is about getting back to some empire—it is very different.

The problem that no one has raised so far is that we already have a massive food trade gap. It is £22.5 billion. This is catastrophic. I see a situation emerging where Mr Gove MP, the Secretary of State for Environment, Food and Rural Affairs, if he stays there, is promising high standards, high welfare and high-quality British food, but the pressure is going to be to have even cheaper food, which will mean selling off standards that we have at the moment. I do not need to remind this Committee and my colleagues that there has been a long decline in British self-sufficiency. Whichever way you look at it, by gross value or by tonnage, there has been a slow decline.

If you add an ecological analysis to that, Britain is basically only feeding itself, in terms of its ecological share of land use, by about 30%. We have a very, very vulnerable food system. The food trade gap is a major Achilles heel. If you can have more than one Achilles heel, that is certainly one. As a public health man—I am a social scientist, but I work heavily on public health—I know that the most fragile of all the industries is horticulture. Fruit and vegetable intake is catastrophic and a major drain on British health at the moment.

The Chairman: I am going to bring this to a close.

Professor Tim Lang: If you look at it, it is very bad indeed. It is a very risky situation that we are in.

The Chairman: Sue Davies from Which? is on the consumer side.

Sue Davies: Thank you for the opportunity to contribute to a really important discussion. I agree with a lot of the points that have been made. I thought it might be useful to set out some of the things that we have found from the consumer research that we have recently been conducting in relation to what Brexit means for the food chain.

It is really clear from this that people have expectations that we will continue to have high standards of safety and quality of food. It is something that people do not question; they just assume that this will continue to be the case, and if anything it will be an opportunity for standards to be increased. At the same time, it is interesting that we have also seen an increase in concern about food prices because of the changes that we have seen, largely in relation to exchange rates, over the last two years. The percentage of people who are worried about food prices has gone up about 10%, from 50% to 60%.

That shows that, thinking in the medium to longer term, we have to have a much more joined-up approach to how we deal with food policy. As we leave the Common Agricultural Policy, it is an opportunity to do what we have all been talking about for many years, which is to reconcile the competing objectives of food policy, whether that is tackling obesity, environmental impact, economic growth, quality, taste or safety. We can bring that all together and make sure that the way we design food policy going forward is acceptable to consumers and meets their expectations around standards.

As other people have said, the really immediate priority is making sure that we continue to have free and frictionless trade with the EU. Obviously, 30% of what we eat is coming from the EU. A lot of that food is not stuff that can easily be replaced with food that comes from other countries. It is quite distinctive. If you look the category of dairy products, about 99% of imported dairy products currently come from the EU, so we need to make sure that we are tackling that.

Finally, depending on what level of Brexit we have, as we seek trade deals with other countries, it is crucial that, in looking for opportunities to have more choice and cheaper food, we do not throw away the standards that we have. That would store up longer-term costs and challenges for consumers, as well as for the economy more generally.

The Chairman: Ian mentioned rationing; Sue, you mentioned obesity. A book I was reading recently mentioned that, during the Second World War, when we had the most stringent rationing, we were the healthiest population that we had ever been. I do not think the Committee will come out with that particular recommendation, but it is interesting. It is an important point to bring into that side of food policy.

Lord Rooker: That was because of Charles Hill, the radio doctor. You are too young to remember that.

Lord Young of Norwood Green: No, it was because there were no fast food outlets.

The Chairman: We will not get into that. Sorry, I should not have started that particular train of thought. We are going to look at five areas, which are tariffs, non-tariff barriers, reducing dependence on EU food imports, and access to labour and farm subsidies. I am sure that, if there are other things that people are concerned about, we can bring them into those topics. I have asked a member of the Committee to lead on each of those.

Everybody can contribute to every session. Obviously, if there is something that you really want to say, if you catch Alex's eye or mine, I will bring you in. The first session that we are going to do is on tariffs. I am going to ask Lord Krebs to lead that off for us, and we will deal with it for about 15 minutes.

Q3 **Lord Krebs:** I should declare some interests. I am an adviser to two food retailers in this country, Marks & Spencer and Tesco. I also advise the Wellcome Trust on its programme on planetary health, which includes work on diet, environment and health.

I want to focus on the question of what forecasts the witnesses feel are robust, in terms of the impact of tariff barriers on future prices. Interestingly, when we took evidence from Mr [Michael] Gove MP a few weeks back, and we asked him, "Will Brexit lead to higher prices under different scenarios?", his reply was, "You cannot really tell, because so many other things affect the price of food". We then heard from Andrew that there is a 22% average tariff if we are trading outside the Customs Union, which seems to be the case, according to what we read in the news. Walter said that, if we are under WTO rules, there will be an extra £400 million. I am not sure what that £400 million is on.

We can boil that down and ask, "For the shopper in the supermarket", or wherever they go to shop for food, "how much would tariffs increase prices?" That is setting aside non-tariff, because we are going to come to that in a minute. Let us assume that we are trading outside the Customs Union and the Single Market, which seems to be the direction in which the Government are set on travelling. I wonder whether witnesses could offer their assessment of that, on what basis they have assessed it and whether it will vary according to different foods. Which foods are most likely to be affected?

Andrew Opie: We have published this document. This is based on retailer supply chain data: where they import products from, and the type of products they import. Not surprisingly, 80% is from Europe, where we do not pay any tariffs at all at the moment. Our view is that it will have an impact.

Lord Krebs is right in his assessment that it is too simple to say that there is a tariff and therefore the food price will go up. Another piece of work we did, which we published just before Christmas, looked at exactly that point. You really have to take tariffs in isolation from other issues. For example, the biggest influence on increasing food prices in the last 18 months was the currency devaluation, which led to about a 3% food inflation, which is starting to ebb away at the moment. There are lots of other factors.

We chose four typical products that we import from European countries and that consumers buy in this country. We then looked at the proportion that is produced in the UK compared to the proportion produced in the EU, used that figure, applied the tariff where the commodity is purchased, rather than adding it to all the issues that Terry mentioned, such as packaging and labour, and did some work on that, just to give people an idea. We would not be able to tell you, "Food inflation will be X% in 2020".

We looked at four products: beef, cheddar, tomatoes and broccoli, all typical products that we buy in a supermarket. If you look at beef, the estimated increase solely due to tariffs is anywhere between 5% and 29%. For cheddar, it is anywhere between 6% and 32%. For tomatoes, it is between 9% and 18%, and for broccoli it is between 5% and 10%. The reason there is such a big range in those figures is that we do not know what UK producers are going to do if tariffs are put in place.

For example, we export a lot of cheddar out of this country already. If the cheddar producers cannot export the product because the tariffs are all so high in the European markets that they are trying to export into, you can imagine that that would come back on to the market, and may take some of the inflationary issues out. If we were to look solely at the proportion that we buy at the moment, and added the tariff, it would be about 6%. If the market stayed the same and the cheddar producers all raised their prices to meet the imported Irish cheddar, which is another possibility, it would be in the high range: 30%.

The reason we did it was to say to consumers, "These are typical things that you are buying every day in your typical supermarket". These tariffs are extremely high. For beef, it is over 40%; for cheese, it is similar; for broccoli, it is much lower, but still a significant tariff. These are going to hit your prices, independent of other price increases that you might see, such as devaluation. I do not know if that helps, and I am happy to answer questions. This is all done on our website. It is very easy to follow.

Sue Davies: The UK Trade Policy Observatory and the Resolution Foundation have done some interesting research on this, where they have tried to look at how tariffs would feed through into consumer prices. Because there are so many factors, as you said, that are influencing prices, it is quite difficult to do. If anything, their estimates are quite conservative, because they did not take into account currency rates or non-tariff barriers. If you take dairy, where the tariff in the current WTO schedule is about 30%, they reckon that that would translate into about an 8% increase in actual consumer prices. It would have quite a significant impact on consumer prices—but, as Andrew said, it is quite a complicated picture.

They also, interestingly, looked at what the impact would be on food prices if you did not have any tariffs. Some people have said that we should just not have tariffs. They were saying that the impact was not as great as you might think, because such a large proportion of the food that we currently import is tariff-free, coming from the EU. They estimated that there would be a reduction of about 1% in food prices across the board, but any significant reduction was also linked to removal of non-tariff barriers and, generally, heavy deregulation. That is something that we would be very concerned about, and it would have much wider implications, if we went down that route, for UK producers, in terms of the sort of food we produce in the UK.

Walter Anzer: I just wanted to answer Lord Krebs's question about the £400 million. When I consulted my members, I was told that the retail market for ambient, fish, fruit, meat, tomato products and olive oil is just over £1 billion. If you add on discounters and food services, it is another billion, so that is £2 billion. Of the products that my members trade in, virtually none is produced in the UK. They are all imported, because obviously we do not grow olives in the UK.

One of the major things, which I really want to start focusing on, is tuna fish. Tuna fish is a staple food. It is versatile. You can make a meal for four people out of it if you put some pasta with it. At the moment, the market is somewhere around £550 million a year. Most of it comes from the duty-free area, with bilateral trade agreements, ACP and so on. If these trade agreements are not transferred, the duty will be 24%, so it goes from 0% to 24%. That price increase would have to be passed on to the consumer.

There is this additional concern about currency. On the importing side, I know from personal experience, because I have worked with these products, that you can cover forwards; you can speculate in the market. As I said, these are some very popular products. For example, if we do not have an agreement with the EU, the duty is 12%, I think, on tinned tomatoes. It will be felt by the retailers and the consumers, because prices will go up and the less well off people will probably not be able to afford them.

Professor Tim Benton: Without starting to sound like a cracked record, I would like to throw in the issue that it is the food system that matters, not the component parts of the food system. I have heard people say that tariffs are not going to be important, because they are a relatively small part of the final price. Tariffs, in association with issues of exchange rate, our perception and trust, and the transparency of the food system, might collectively interact to create crises of confidence for both our producers and our consumers. I just want that filter—it is difficult to think about tariffs alone, or non-tariff barriers. It is how they all interact together from a systems perspective.

The final thing that I will throw into the mix is that, yes, if we put tariffs on European produce, we will pay more for European produce. At the moment, within Europe, you have this preferential trade transfer whereby Europe is slightly protectionist, so we might get a benefit from lower tariffs externally, by coming out of Europe, from that perspective. I want to emphasise that, if we are buying more stuff from further away, typically it is less regulated. Typically, it is going to have a higher environmental impact. Typically, it will come into the country with lower quality. Typically, there will be less transparency about what it means. Typically, it might have more impact for people who are producing it overseas. The systemic nature of the impact, and our attitude to and trust in it, is really important, over and above whether it is 3% more expensive or 5% more expensive.

Terry Jones: I know we are talking about consumers, but Tim picked up on the fact that the impacts of tariff implementation for certain sectors are catastrophic, particularly at the very high rates that you find in different types of meat. Where we have exportable surpluses in sheep meat, the impacts that are outlined in the Wageningen work that we commissioned before the referendum are all too clear to see.

On the face of it, you can look at WTO—if we were to default to that model—and say that agriculture does okay, but it is the individual sector fallout where you create winners and losers. Beef, pigs, poultry and dairy, in theory, win. Lamb production is a very, very big loser. But none of these economic models in here can factor in the reality that we would very quickly move from a WTO model with tariffs on both sides to one where voices in the UK Government would very quickly seek to liberalise trade to get prices down. That is the worst of all worlds. No doubt we will come on to that.

The Chairman: That is an interesting point. We do not have a lot longer on this issue, but Baroness Sheehan can ask her supplementary, and then I will go straight to Lord Young. Perhaps both questions can be answered.

Q4 **Baroness Sheehan:** I wanted to turn our perspective to the EU, and I am just going to read out this paragraph that was given to us in our briefing notes. I wonder if you could comment on it. "Research conducted for the European Parliament's AGRI Committee concludes that the effect of applying WTO rules"—that is, tariff and non-tariff measures—"post Brexit would be 'large and negative', with EU agri-food exports to the UK falling by 62%, and a 'near complete collapse' of rice, white and red meat, sugar and dairy trade".

Lord Young of Norwood Green: I do not regard tuna as part of a staple diet, but I eat other fish. Some of it will be imported; some of it is not. Really, I was going to say that necessity is a driver, is it not? If that becomes too expensive, people start to think of cheaper alternatives. Inevitably, is there not going to be a consumer response to that?

As a further point, I am not at all particularly knowledgeable about farming, but I have noticed, even just listening to "The Archers", people switching out of dairy. Would they not tend to go back into dairy now, because the prices they were getting for milk and that were pretty poor? If we are now going to rely on that to feed the home market, producing more home-based cheddar, etcetera, I would have thought that there would be a response from British farming. Those are my two points.

The Chairman: First, would anybody like to respond to Baroness

Sheehan's point, in terms of the European Parliament's views?

Andrew Opie: I would concur. Those sectors that they have mentioned are the key sectors, because the highest tariffs are paid in those areas, and those are where our trade is pretty much integrated. Irish beef and beef mince is a staple. About 80% of beef is produced in the UK, but you have to import some. You have seasonality of product as well. I would concur with that. It is avoidable if we do the right deal with the EU, but as it stands at the moment it would be pretty difficult.

Lord Young, you are absolutely right: consumers will shop around. They will often buy the cheapest protein if they cannot afford others. Even with a high price of beef, would you be able to pass that on to the consumer? No, probably not, because people would fall out of beef and they would go and buy something else. Almost 100% of fresh chicken is produced here in the UK. I do not know whether you could expand that, but consumers would probably shift towards chicken, maybe farmed salmon and those sorts of products as well. Price comes into it.

The Chairman: We might want to move on, but we will have one sentence from Terry. Did you want to come in from the farming side, answering Tony's questions? I am going to keep you to one sentence each.

Terry Jones: I agree with what Andrew said. Yes, lots of farmers have left the dairy industry, but I can probably count on one hand the number of those who have come back in on the back of the recent price rises. Such is the volatility and such are the costs of entry, you would need to be a very brave farmer to jump back into dairy when you would be swimming against the tide. We have seen massive consolidation in that sector in the last 12 years.

Professor Tim Benton: I have two points in answer to this question of perturbation. Farmers might switch their behaviour, but replacement is not necessarily going to happen quickly. With 30-year investment cycles, it will take a long time. The other point is that, although consumers will choose, we have a public health crisis associated with poor diets. With rising food prices, that is a real food security and equality issue. People cannot afford to eat nutritiously. They can afford to fill themselves up easily, but cannot afford to eat nutritiously. That is already the case, and it is likely to get even worse if food prices rapidly go up.

Professor Tim Lang: I am very glad that you said that. I was going to say it. That is a really critical issue. I have some caveats: this issue of food process is really important, and I am very grateful to Andrew Opie and the BRC, who have done good work on this, but Defra ought to be doing this. This is precisely what Defra ought now to be doing. These calculations that have been done, in the way that we are doing at the moment, are shocking. Let me give an example why.

The Chairman: Give a very short example.

Professor Tim Lang: Look at the Northern Ireland border. I know of manufacturers whose goods cross the border multiple times. Will tariffs apply on each of those occasions?

The final caveat is that the impact of tariffs on prices depends on the degree to which there is processing involved, because the tariffs are usually on raw commodities rather than on finished product. If you look at the trade figures—processed and ultra-processed, lightly processed, highly processed—that Defra gives us, the trade gap is heavily concerned with processed foods. The impact of tariffs on prices might be smaller on some occasions than we think, but it might be much bigger on others, if there are multiple border crossings.

The Chairman: Thank you. That was a very good debate.

Q5 **Viscount Hanworth:** My remit is to ask about non-tariff barriers. Tim Benton and Walter Anzer have touched on these issues. They have mentioned the delays consequent upon border checks and controls. Might I ask them and others to expand on this? As regards delays, one is mindful that time is money, but there is also perhaps the question of perishability.

There are countries that have already faced some of the problems that might arise from Brexit, and I am thinking of Norway and Switzerland. Do we have anything to learn from their experiences? Beyond that, are there issues of non-tariff barriers that I have not mentioned that arise?

Professor Tim Benton: Under the banner of non-tariff barriers, you have the customs; you have the regulations; you have the phytosanitary standards; you have the welfare standards—you have a whole range of different things. You have the costs of putting all that in place, and the costs of the delays of something being inspected.

In a paper by Alan Matthews, there was a figure that a container inspection costs £700; £80 per day would be the impound cost; and there will be the cost of the testing fees. For each additional container that might be inspected, you are talking about £1,500 to £2,000. When you talk to the retailers in the fresh produce chains, they start going, "Oh, my goodness, that is a huge amount of capital, as well as a huge amount of extra cost within the food system". There are non-tariff barriers that we tend not to think about, in terms of routes, routings, port disruptions because of bad weather and having to route things through, and where they get inspected. With the phytosanitary standards, they can come only in certain places. There are lots of things in that space.

To your question about other things that we do not think about, there is this package of what consumers expect our standards to be, as well as the true regulatory standards. Do we expect food to come in that is of a high, or an acceptable, welfare standard? Yes, we often do. Whose job is it to ensure that? Who thinks about that? Where is that regulatory burden, or non-regulatory burden? Is it a voluntary standard that supermarkets have to put in place? Will their overheads go up, because they are going to have to check more and more and more?

Finally, on the issue of the other borders, Switzerland has been doing this for 30 or 40 years. Norway and Sweden have been doing this for 30 or 40 years. One of the issues that I really want to stress is that we are going to go into something relatively sudden. Every major infrastructural project that the UK Government have tried around some big electronic system, whether it is passports or national health records, has not worked. The issue is that we do not have 40 years to develop a smart border, no matter how much we might want to. Other countries can do it, but they have been tinkering with it for a long time. We have things to learn, but I do not think it is going to be as simple as that.

Viscount Hanworth: Switzerland and Norway are smart, are they?

Professor Tim Benton: They have thousands of roads that cross backwards and forwards. It has always been open, and they have just developed this regulatory framework.

Professor Tim Lang: They share EU standards. On non-tariff barriers, there is not a problem, because they share them, but the Government have said that that is what we are not going to share.

Ian Wright: When politicians tell you, "There is a technological solution for that", they almost always mean, "I do not have a blooming clue". When we are told that there is a technological solution for customs, we should sup with a very long spoon—if indeed we need a spoon. We probably need a cattle prod.

There is no chance that our customs system will be ready in two or three years' time. It simply is not going to happen. The technology is not there. It is not tested. The new customs declaration system will not be ready for testing until February of next year, and theoretically it might have to be in action three weeks later. Now, we hope that that will not be the case, because we hope that there will be a deal that engages with a transition of some length. But the simple problem for us is that all these systems, as Tim just said, need to be ready and work faultlessly on day 1. If they do not, we will see cost added not just through tariffs and potentially the cost of customs declarations—do not forget that we do not do those at the moment in many cases, so they will have to be added to the price—but through the disruption and logistics. A five-minute delay at Dover for each lorry involves Operation Stack going back to the M25 within 24 hours. That is just going that way.

The other problem, which nobody really seems to be focusing on, is that nobody has done a proper audit of what is going to happen coming the other way. We know what happens when bad weather in the channel stops the ferries and creates disruption in the tunnel. We know that north-western Europe is not ready. When the man who runs the port of Calais came before, I think, the Brexit committee in the Commons—I do not think it was this Committee—he was asked, "What advice would you give to people coming through Calais on day 1?" He said, "Go to Dunkirk". I do not think he was making a historical point. I think he was making the point that he knows he will not be ready.

The people who run Rotterdam know they will not be ready. The people who run the ports of Dublin know there is huge disruption in trade, because almost every Irish product that goes to the EU comes over the UK as a land bridge. All these things need to work faultlessly if consumers and shoppers are to notice no disruption and see no increase in cost. They are not going to work faultlessly. Whatever we do, we need longer.

Sue Davies: I wanted to reinforce two points in relation to non-tariff barriers. As other people have said, there is the enormous task of how we deal with the customs checks, and what happens in terms of the border inspection posts and the very specific rules that the EU requires. As Tim was saying, different ports deal with different types of products. We will also be taking on third-country checks. At the moment, if it is coming into Rotterdam, Rotterdam deals with that. We do not deal with that, so what does that mean in terms of prices for consumers, but also choice and availability?

The other side to the non-tariff barriers is getting into the standards issue. It is important to distinguish the two, because that is really important for consumer protection. At the moment, that is a shared responsibility. We are part of EU networks and systems such as the TRACES system, where there is onward notification about particular imports that are arriving at ports, where there is information shared about what is in that consignment, so we know how to deal with that. We need to make sure that we are still linked into that.

If we have this situation, there is also the enormous capacity issue. If more products are coming from third countries that are producing to lower standards (and we think that it is essential that we do not in any way compromise our standards), we need to make sure that we have sufficient controls in place to be checking compliance. We need our capacity to do that to be enhanced.

Andrew Opie: I want to make three points. First, to give the Committee an idea of scale, I was with a retailer yesterday who told me that they had 51 lorry journeys on one day in the run-up to Christmas, just with citrus fruit from Spain. Another told me that they have 9,000 lorry journeys every year from Spain, and that all of them go through the channel ports, because that is the most successful way to do it. Any delay on that would affect shelf life, which I think was the point that was made earlier.

Near enough all the products that we are importing are things like fresh produce and fresh meat. It is not the frozen products, or even the processed ones, that are affected so much. If you look at things like soft fruit from Spain and Portugal, you probably have four or five days by the time it gets to the store after it has been through the RDC, so taking a day off that is significant.

Finally, the Dutch Government published a really good piece of research last week on exactly this point, where they quantified the cost of non-tariff barriers in meat, and—something that we are very fond of, but may not be as relevant—cut flowers. We sell a lot of those. They estimate that simply the cost of non-tariff barriers is up to 2% of the additional cost of the product. That is regardless of tariffs, or any of the delays. You can add up to 2% on the price from additional checks.

Walter Anzer: Customs yesterday emailed me a notice saying that the customs declaration service that is replacing CHIEF will commence its phased launch in August 2018, and it will be fully operational in early 2019. If you believe that, that is fine. It is changing from CHIEF to this new system. It is not at this time, to come back to this point, talking about all the documentation. Defra said that it is going to adopt all the food hygiene legislation and food safety legislation. It is also going to adopt the IUU Regulation on Illegal and Unregulated Fisheries.

That is all controlled by Brussels, either by DG SANTE, the food and veterinary service, or by DG MARE, which has a special section for illegal fisheries. Forms need to be filled in. Veterinary forms need to be filled in for all animal products, whether it is fisheries or cut meats. What are we going to do? Are we going to accept the EU certification for some time? When are we going to have our own certification? Who is going to take over the controls, assuming we adopt the EU regulations as they are, because they prescribe exactly what you need to do?

All this has not been addressed. Nothing has been said about it. Quite frankly, what are we going to do on 31 March? There are so many silly things, such as documentation, that have not been addressed.

The Chairman: Actually, you have two days fewer than that. It is 29 March. I do not know how much difference that will make.

Professor Tim Lang: I would echo the point about non-tariff, going back to Tim Benton's point about values. This country has had 35 years of major crises about food safety, quality and trust. This is where it will come to the fore. My point is that, so far, there has not been enough attention paid to infrastructure. We have talked about the delays. These are very real. I am a vice-president of the Chartered Institute of Environmental Health. That is precisely the labour force that is involved in this: all the environmental health officers and port officers whose posts have been cut dramatically. There is not that infrastructure, and they are deeply worried about this.

Lastly, the infrastructure that is involved and exposed by non-tariff barriers is more than just inspection points. We did a report in our centre with three professors from Sussex, Cardiff and us, which showed that 30 major institutions underpin UK food, and there is no thinking at all about what is to replace those. It is not just about non-tariff barriers; it is about the infrastructure to deal with those, in order to maintain the issue of consumer trust.

Terry Jones: To Ian's point about tailbacks, the Freight Transport Association says that an average inspection time of two minutes leads to a 17-mile tailback at Dover on exports.

It was exports that I wanted to briefly refer to, because that is perhaps what we are more interested in. I would recommend to the Committee the work done by the International Meat Trade Association, which has forensically gone through the steps, with a comparison between the process today and the process if the UK is treated as a third country. The number of steps is doubled. The additional steps required are hauliers turning up at agreed times; vets supervising loading; provision of full sets of original documents, as well as veterinary health certificates; the EU importer needs to present the health certificates to vets at any border inspection process that may be there. The list goes on and on. It is a very good piece of work, and I would recommend it.

To Andrew's point about the Dutch work, in the Wageningen work on trade facilitation costs on the raw materials that we are interested in, they pegged it at 5% on a Canadian-style FTA—so it is slightly higher than Andrew's. The last point is a supplementary to Tim's around border inspection posts, and again relating to meat. Currently, the only ports set up to do veterinary checks on meat are London Gateway, Tilbury, Felixstowe, Southampton and Liverpool. Dover is not even on that list.

Professor Tim Lang: That is assuming that goods come through in lorries, Terry. The point is that we have to be thinking longer term, and saying that, if the hard-line Brexiters get their way, there will be more boats coming in.

Terry Jones: They are not set up to do the volume.

Professor Tim Lang: They are not set up.

The Chairman: Of course, the other non-tariff barrier that I am aware of, which has not been mentioned, is political will. If you want to be difficult, you can be very difficult outside the single market and customs union, but we will leave that. We will go on to the next session, which is around reducing our dependence on EU food imports.

Q6 **Lord Rooker:** On 15 October last year, on the BBC, Chris Grayling MP said that the solution to price rises and food shortages was that UK farmers have to grow more food. We have an issue of import substitution. As Tim mentioned earlier on, we had a note yesterday from the Food Foundation, a really interesting report on horticulture. Our diet is killing us. It is costing the NHS a fortune, and there is an opportunity to do something about it: eat more fruit and veg. We are really affected by that.

What is the potential for growing more of our own food—or that which we can grow, because there is obviously a lot that we cannot—and importing food from non-EU countries? This is the other alternative, the Brexiteers say: we go on to the world market for cheap food. I take the point that cheap food means we destroy our own industry, by the way. I fully accept that, which is not generally agreed. What is the potential for growing more food and getting rid of all these fields I see up the M40 full of bloody panels, with no food growing and no animals? We use more of our land. Is there the potential for that, and is there the potential for going outside the EU to sustain our healthy food imports? Where do we go from there?

The Chairman: Can I make it absolutely clear that the Committee is completely neutral on Brexit and remain?

Lord Rooker: That was factual.

The Chairman: I am just making it clear that our remit is to look at both sides of these things.

Terry Jones: We were delighted, obviously, with the interest in our sector that Mr [Chris] Grayling MP showed. We had a busy Monday morning after he appeared on "The Andrew Marr Show", saying what he said.

Farmers have always been keen to seize what opportunities might be presented following the UK's exit from the European Union. However, for all the reasons we talked about, if we do not secure a comprehensive trade deal, there is going to be considerable disruption to the industry. There is some scope for import substitution but, as we discussed earlier, there are the costs of entry; farming operates on long timescales, and so on. To give you an example, the first crop to be produced post Brexit will be in the ground in less than a year, and there are crops in the ground today that will be marketed post Brexit.

We are up for the challenge, but there are three major impacts, some of which we have talked about, and some of which we have not. There is obviously the certainty, or the strong likelihood, that our trading relationship with the EU will be disrupted. There is the opportunity for the UK Government to devise their own agriculture policy, and there could be controls on immigration. All three of those could have major impacts on our competitiveness and ability to produce food.

We are asking, in that post-Brexit world, for an agricultural policy that helps us to increase our productivity and means that we embrace automation to deal with the labour crisis. To answer the exam question, yes, the will is there, but the reality of an immediate production response is pretty negligible.

Professor Tim Benton: I, Tim Lang and a few others did a report last year looking at the issue of the right balance between imported food and locally produced food. That question has not been well explored, because both come with costs and benefits. This is one of the issues in a world that is rapidly changing. Imagine something bad going wrong. If we are only growing two or three goods that we concentrate on—a bit of dairy, a bit of meat and wheat—where would we get our food from if all the channel ports were blocked by a storm surge, or something like that?

There is a balance in terms of thinking about how much food we should be growing at home and how much food we should be importing. The more we outsource our trade, the more we rely on a globally stable world to deliver our food security. As Ian said earlier, food security—our ability to feed ourselves in a healthy way—is key. There is an interesting question here around what the right balance is.

Certainly we could do more. Imagine being on a war footing again. We could grow a much greater range of things. We could grow things in a different way. We could bring more land into agriculture. That will come with environmental costs. It will, of course, come with economic costs. The reason we do not grow what we do not grow here is largely driven by economics, so we would have to change incentive structures. We could have a public policy that was not based on our current ways of doing things—perhaps ecosystem service provision, as Michael Gove MP has been talking about recently, but based on incentivising crops that we want from a strategic perspective. All those things are possible but, as has just been said by Terry, it is not going to happen just like that, and the market is not going to let that happen. It is going to require very big incentives.

Finally, on a global basis and on a local basis, our food system is incredibly wasteful. It is only about 40% or 50% efficient, depending on how you add it up. We can save some of the food that we currently consume and throw away—on the strategic food security issue—by trying to work on disincentivising waste. It is not necessarily all about the production side; it is also about the food system and how we use food.

The Chairman: That is an important point. This Committee has been very concerned about food waste in the past.

Sue Davies: The consumer research that we have done over the years and recently—we did an online forum in January asking people about these issues—always shows that people are really supportive of UK production, and they want to buy British products. Where there are opportunities to do that, we should take them. People always want country of origin labelling, for example, so that they can choose what they are buying. It is important that the way we do that takes into account consumer acceptability issues.

Going back to the joined-up policy point, there is a danger that at the moment we have industrial strategy and a sector council looking at how we drive innovation. We have an obesity plan in the Department of Health and Social Care. We have an environment plan. How are we making sure that they are aligned, that we have the same kinds of objectives and, ultimately, that people will want to buy these products when they get to the market?

Terry will know the details of the farming sector much better than I do, but there is also a sense of realism needed about how much we import, and how much we import from the EU. As I mentioned before, the amount is particularly high for certain categories of food, such as dairy and meat products, but lots of imports of inputs such as feed come from the EU, which help to underpin UK production. That is going to continue to be important. A lot of the things that we get from the EU are not things that are easily substituted from other countries.

There are opportunities to look further and see where we can get a wider choice of products from other countries. As I think Andrew highlighted, we have the existing free trade agreements at the moment as a member of the EU, which are important. We have the trade preferences scheme, which allows access for developing countries, which is important. There may be opportunities beyond that. When we are seeking trade deals on a wide range of issues, the danger is that agriculture is often held up as a thing where "you do not get that unless you accept some of our products", which can be of lower standards.

When you ask people about the issues that hit the headlines—the chlorine chicken, the hormone-treated beef, the cloned animals, the antibiotic growth promoters—they do not accept them and they do not want those in our food. There may be opportunities, but we have to make sure that we are weighing them up against the potential trade-offs and the domestic situation in those countries. One in six Americans get food poisoning, for example. They are still trying to implement the Food Safety Modernization Act, so we are starting with very different baselines in terms of the infrastructure that we have to deal with food standards.

The Chairman: I can see letters coming from the American embassy already.

Ian Wright: Your reminder about neutrality was quite timely, because we who work for representative organisations, however much we may have a view on all this—and guess what: we do—have to deal with the world as it is. Our job is to mitigate the downside for all our members, for shoppers and for consumers. We have to focus relentlessly on the practicalities, and the problem is that it is the practicalities that cause us concern. As I said earlier, we are not ready to do the customs thing, but the same is true in some of these other areas.

There are two points that have been raised already. One is that we do not know how the EU is going to treat us as a third country when we exit. We do not know whether the transition will mean that we are not a third country, or that we are a third country, and it is only just over a year until that information will be live.

Similarly, we simply do not know whether the 49 FTAs are going to be rolled over. At the moment, it looks as though they may not, having had a long period when DIT was telling us that it was going to be a piece of cake. Now it is clearly not a piece of cake. Now it is clearly a very large problem, and we may end up in the ridiculous position of having to pretend that we are Guernsey in order to get the legal justification to roll them over for practical purposes during the transition. That is not a good look; let us face it. That is the first thing I would say.

Secondly, there are opportunities here, and it is important to recognise that, but the opportunities are all back-loaded. The difficulties, the disruptions and the problems are all front-loaded. We do not get to access the opportunity of looking at new markets from which to import. We do not get the opportunity to grow much more of our own. We do not get the opportunity, on the other side of the equation, to become a great food exporter, which is an area that we have totally neglected over the last 20 or 30 years, until afterwards.

In the meantime, we have to cope, and shoppers and consumers will have to endure the disruption that is going to come. That is why business says constantly that it needs certainty, or at least clarity. As every day passes, it is increasingly bothersome, to the point of being concerning, that in whole areas, as Walter said earlier, we simply do not know, and it is abundantly clear that neither do the Government.

The Chairman: We could not possibly comment on that at the present stage.

Professor Tim Lang: I will be brief. I was looking forward very much to the 25-year food plan being launched. I read about it four years ago. We are still waiting, and I learned yesterday, confidentially, that it has been kicked into the long grass again. This issue that we are discussing cannot be resolved unless the Government come clean. We need to have a 25-year food plan. Which way is it going?

Let us get real about the potential for agriculture. Yes, it could grow more. What stops it at the moment is money. Look at the TIFF figures—the total income from farming. Farming income was £3.7 billion last year, of which subsidy was £3.2 billion. There are no price incentives for anyone to grow any more food at all. Unless there is a transfer down the supply chain—less money going to some, more money going to primary producers—there will be no more growing of food. Let us be absolutely clear about that.

The second block on that is labour. We will come to that next. In the horticulture sector, which like others I am particularly interested in, the figures are disastrous. Britain at the moment produces 10% of the fruit that it consumes. We should be consuming twice as much. It produces about 53% of the vegetables. We should be consuming twice as much. If we want to accelerate that, it is not going to happen in the next 14 months.

This is a long-term strategic issue. If we do not get the 25-year food plan, the Government are basically doing an experiment with the British public. More money to farmers would be the critical issue, and the priority should be, although Terry will not like me saying this, horticulture. It is horticulture that matters. Horticulture, fruit and vegetables are the key to health, and the British diet is catastrophically loading the NHS with costs.

Andrew Opie: There is a preference for British food, and where Terry's members have done a great job to extend the British seasons—as in soft fruit, for example—it has shown that you can substitute for some imports.

Professor Tim Lang: But it is the exception, Andrew. It is the total exception.

Andrew Opie: I was going to say that it is not "British at any price", so do not forget that. Do not think that, if we just substitute with British, everybody will want to buy it, because that is not true.

Actually, that was my second point. Consumers do not want to go on a war footing when they go into the supermarket. Imported food supplements what we have here. The range and availability are fantastic. We import broccoli because we want broccoli 12 months in a year. When it is in season, we buy it here, but the same farmers pack that broccoli from Spain and Portugal so that we can buy it the rest of the time. What is wrong with that?

Lord Rooker: I am conscious of the fact that we are going on to two other subjects. Aside from all the ports that have been mentioned, there is one that has not been referred to, and that is Heathrow. The import area in Hounslow deals with all the perishable stuff. Is that significant? If we are going outside the EU, it is farther away by definition. Does that mean more pressure on the facilities at Heathrow? It is a major food importer for perishables, but nobody has mentioned it. That is all.

The Chairman: Does anybody have a comment on Heathrow specifically?

Walter Anzer: It is the same thing: it does not have enough people. The staffing level at the moment in HMRC is insufficient to deal with what is going to happen after we leave the EU, at any port, including Heathrow. It is as simple as that.

The Chairman: I am going to move on and ask Lord Young to tackle something that has gone through all our Brexit reports, which is the labour issue.

Q7 **Lord Young of Norwood Green:** We have heard previously, and it has been mentioned today, about the UK's agricultural sector being heavily dependent on EU workers. We might not know the exact proportion, but we heard that 98% of the seasonal workforce in horticulture, around 63% of the workforce in meat processing and 50% in egg packing are migrants from elsewhere. The Food and Drink Federation has estimated that, across the food and drink supply chain as a whole, around one-third of the permanent workforce are EU nationals.

Members have heard that businesses would struggle to survive without migrant labour. I must say a comment that our native potential British workforce seems exceedingly reluctant to spend a day in the fields. That is not just the experience in the UK. I heard an interesting story about the German workforce being reluctant to dig up white asparagus. They had migrants coming in to do that, but it is not easy to substitute.

Finally, if the labour is not there, the question is whether there will be more mechanisation. I would have thought that if we look at the relentless march of mechanisation in farming the answer is yes, but I am sure there will be some qualifications from my next-door neighbour here.

Walter Anzer: I was given a figure of about 70% to 80% of the workforce in agriculture and horticulture being non-UK labour. I will give you one very quick example: of all the veterinary officers in government employ, 90% are Spaniards. That says it all.

The Chairman: The other issue is whether that widens to the rest of the world. I am sure that some number of South Americans, Russians, or people such as that, would like to come and work with us.

Terry Jones: We are certainly going to need somebody from somewhere. To answer Lord Young's point directly on UK nationals doing this work, one of the issues is the remoteness of much of this production. If you go to the Lizard, the north-east or Lincolnshire, very often the population is not where the roles are. The temporary labour needed on these units comes for six, seven or eight months, and then it goes home again or on to the next job.

We have also talked about the situation in Europe. It will not surprise the Committee to hear that the NFU has been involved in a number of bilaterals with its equivalents across the European Union, primarily to try to get common sense to prevail in the forthcoming negotiations, but also to tackle the thorny issue of labour. We have discovered that all our major European competitors and friends have schemes where they recruit seasonal labour from just outside the European Union. The Germans are looking to the Ukraine. The Dutch are doing the same, and also looking to North Africa.

When you talk to all those big horticultural countries, they are facing similar, if not as severe, problems to us, but they have the solutions coming, or in place, to deal with the issue. It is an issue that the sector is facing today. There are significant temporary labour shortages. The NFU's end of season labour survey, which closed on 11 January, showed that 41% of those businesses secured sufficient numbers in 2017, but 59% of those businesses did not secure enough seasonal workers.

When one starts to reflect on the impacts, nearly a third of those growers reported crops being unharvested. Almost half of growers that experienced a shortage of labour reported increased recruitment costs. We know that profits are falling in horticulture, to Tim's point. This is a problem today, and it will only get worse, I am afraid to say. I am more than happy to share all that data with the Committee.

The Chairman: What does that mean for the price and availability of those products?

Terry Jones: It is difficult for us to say, because we are at one end and, as I said right at the start of the session, so much else goes into it. When we have a fiercely competitive market where prices are kept low, the impacts are less about price and more about the long-term sustainability of this sector. If we see returns continue to reduce and we see profitability fall, investment will fall, and we will export horticulture from the UK to other places.

As Andrew said, these pan-European operators, many of which are in our membership, will simply move the production to other places. They do not want to move. They are UK-based businesses. They want to grow produce in the United Kingdom, but they will move their business to the continent. They will move it to North and East Africa.

Lastly, yes, mechanisation is coming, but it is slow. I have seen some fantastic rigs that can cut celery mechanically rather than having massed ranks of people to do it, but this is cutting-edge technology being developed by individual businesses in some crops, in some commodities. We are probably 10 or 15 years away from that mechanisation.

Lord Young of Norwood Green: If there were incentives to innovate, whether they were tax incentives or whatever, you could put that forward. Not just celery but a whole range of products in horticulture currently rely intensively on being hand-picked. I have seen that with a whole range of other products, not just with celery, but they need something to drive them. If we had that, would it not be a motivation?

Terry Jones: It would certainly help. It may lead to acceleration, but so much of this technology is in its infancy. It is exactly as you see in other industries, such as the automotive industry. We have lagged behind in robotics in food manufacturing in the UK. We are playing catch-up. We are trying to grab that technology and apply it to horticulture. Yes, a more profitable horticultural sector will be able to adopt this more quickly, but I would not want to leave the Committee with the impression that this is an overnight solution.

Professor Tim Benton: Just to back that up, I was in Davos a couple of weeks ago, and one of the World Economic Forum's reports was on technology in food systems. There is an awful lot of hope, but it is a 10-year or 15-year vision. It is not an immediate thing.

One way of incentivising labour is to have products that sell for a higher price. An interesting issue to explore is the risk here of a two-speed Britain, where we have local agricultural policies that support high-quality agriculture, providing for a premium market where there is enough money in the system to pay for local production, and an imported, cheap-food Britain—global Britain—for those who cannot afford that.

The issue is a Liam Fox MP "cheap food at any price" approach versus a Michael Gove MP "let's protect the environment and have a thriving rural economy with lots of artisanal food producers, producing things for the top end of the market" approach. That schizophrenia is something that we are not examining enough, because that could be a really uncomfortable place for many consumers, as well as producers.

The Chairman: This is one of the main questions that this Committee has raised: are those two visions compatible in any way?

Professor Tim Benton: They are completely compatible: the poor are treated in one way, and the rich are treated in another way, or the ability of the poor to manage is different from the ability of the rich. It will drive things apart. We could have a premium agricultural system that just sells into Borough Market and Waitrose, and then poor people have to eat calorie-rich, nutrient-poor diets based on commodity crops imported from other parts of the world. That is perfectly possible to do. I do not think it is very desirable.

Lord Young of Norwood Green: We already have a market that is schizophrenic. We have people choosing to buy organic or to buy ordinary. I really believe that it is doom-mongering to say that somehow you cannot have two markets. They exist already. That is why I wanted to challenge you on that.

Professor Tim Benton: Yes, but it is pushing it further down that direction, rather than taking the opportunity to make things better.

Lord Young of Norwood Green: Consumers are making that choice now.

The Chairman: I do not think the two of you are disagreeing.

Lord Young of Norwood Green: Oh, I think we are.

The Chairman: I have asked Professor Benton whether that was possible. I am not saying that he is endorsing it.

The Duke of Montrose: The question of the manning of abattoirs is a challenge of regulation for the Government, because a UK-based vet going to an abattoir has to be fully qualified as a vet, but Spanish people have a lesser qualification for manning abattoirs.

The Chairman: Yes, that is something that the Committee has been very aware of.

Ian Wright: On the labour issue, as Lord Young said, a third of the workers in manufacturing are European, predominantly eastern European. That is up from 10% 15 years ago, so the growth of the industry has gone hand in hand with the arrival of a larger number of European workers at all skill levels, across the range of skills. It is a myth that they are all manual workers. They simply are not. They are research scientists, box-packers and everything in between.

To give the Government credit, we believe that they have gone a long way to reassure workers who are already here. They could go a bit further by getting a wiggle on and implementing the registration system. If you are a European worker and you are here, you have now been reassured a lot that your future is secure, but no registration process has yet begun. That is the kind of reassurance that people will need at the next stage, as the exit gets nearer.

The other issue is that, while all this has been going on, the attractiveness of other places to work has grown. If you are from eastern Europe, or indeed central Europe, the fact is that the depreciation in the pound in the last two years—admittedly it has come back now—meant you were up to 14% worse off by working here. If you had the choice to go somewhere else, you might have made that choice. Now the attractiveness of the German and Polish economies—the Polish economy is growing at 5% a year, and sucking in workers—is really compelling when people think about their choices.

At the moment, it is not having a massive effect on people leaving, although we reckon that mid-single figures of European workers are leaving and not being replaced, because people are very uncertain about what future workers might have from any deal. We have seen the controversy over whether European workers will be allowed to stay after the transition if they arrive during the transition. That is a concern, but the sheer economics of this are driving people away.

The consequence of that, as Terry says, is that a lot of businesses are looking at either relocating if they have to—they will not want to—or mechanisation and automation. The food manufacturing industry has been very poor, generally, at robotics and automation, but I know of one guy who employed 100 people per shift until very recently. He has now invested in robotics all the way through, up to the packing moment. He is in snack foods. If the index was 100 before, he is down to eight.

The impact can be absolutely dramatic, but there are three issues that arise. One is whether you have the capital, and access to the capital. The second is whether you have access to the equipment, and whether it works. The third, which is the most difficult, is whether it can be maintained at the level you need to maintain it. Almost all the systems that you are implementing are not British-made. They will all be made in central Europe or Japan.

Professor Tim Lang: I am glad that Ian has brought us back to manufacturing. I wanted to make the point that, the moment we talk about labour, we tend to have a discussion about agriculture. Actually, EU migrant labour, which is the subject of your question, is quite high in agriculture, but particularly high in horticulture. Horticulture is on the front line. No one here has yet talked about food service. Food service is the biggest employer in the British food system. Food service now rivals retail for gross value added. It is enormously important. It is where the Brits eat increasingly, and the role of EU migrant labour in that is absolutely immense.

We come back to the point that I have been making: where is the 25-year food plan? This is precisely the sort of strategic issue that it should be addressing. We need to invest in food skills. I work at a university. The universities have been eviscerated in their food research at the high level, but also at the FE level in the skills training for what the majority of the labour force in the British food system does. This is not a short-term issue. I am very glad that everyone has been saying that.

Robotics and technology may play a role in 10 or 15 years' time, but the critical issue, unless we plan the labour market, is that the EU disruption factor is immense.

The Chairman: We now move on to the last of our topics before we move into a rather more open discussion of any residual items. The Duke of Montrose will ask about farm subsidies.

Q8 **The Duke of Montrose:** I will just declare a little more: my farming was in Scotland, and not everything reads across into the English situation, although it is extremely similar. Until very recently, I was President of the National Sheep Association. I now have a small hydroelectric scheme, so I have a few things on the go there.

One of the papers that we have been looking at recently is the review of the CAP in Europe. It is interesting to go back to the original treaty and see the things that are flagged up front. One is food security, and the next is adequate income for farmers. These things seem to be tucked under the radar in the UK consideration of what is going on. Where are subsidies going, and do we approve? We decided not to subsidise production, so then the subsidies went on land, and this has then produced a huge reaction from the public. They do not like the idea that people doing very little can get the money.

Ecosystem services are all the rage at the moment. In some ways, you can see a backlash on that, because once you have set up your ecosystem services you are mainly being paid for not doing this and that—for just sitting on your backside really and watching nature in whatever way you like. The Government seem to be quite happy to think of money for areas of natural constraint at the moment. They seem to have taken on board the poorer areas of farming. Where do we think it is going? What is the view about subsidising agriculture?

Terry Jones: The point is very well made, although we should not be entirely surprised that the conversation has headed where it has in the UK. The UK Government's position for the last 12 years has been for the abolition of direct payments and a move to using public moneys for public good.

We have talked a lot today about uncertainty. We have some certainty in the short term, thanks largely to the speech that the Secretary of State gave at the Oxford Farming Conference at the turn of the year. We need to think in phases. In 2019, we will have an identical scheme to that which we have in the first pillar, with a basic payments scheme. We will have a BPS-style scheme from 2020 to 2024, and after 2024 we will be looking at a new policy. I will come to that in a second.

That transition period is very much up for grabs in the forthcoming command paper. The Secretary of State has talked about less cross-compliance. He has talked about improved agri-environment schemes. He has talked about the same overall budget, the £3.1 billion that Tim referred to earlier, but he has also talked about capping of the first pillar and using the money that is gleaned from that capping, or from some other top-slicing model, to go into measures that would enhance productivity and the environment. For our part, that certainty is welcome.

The piece that is missing for the long term, which Tim touched on earlier, is that, yes, we want a policy that helps farmers to continue to be excellent stewards of the environment; yes, we want to address the productivity gap, and that is a big part of our policy. But the third area is around volatility, and how we help farmers, particularly in some of those sectors that we referred to earlier, manage their volatility. I would not say that there is necessarily hostility to that third cornerstone or pillar, but there is certainly hostility towards the area-based system that we talked about just now.

Where does that leave us post 2024? First, whatever we do in domestic agricultural policy, if we get it wrong on trade it will completely dwarf the £3.1 billion. The potential negative impacts from getting trade wrong, particularly for sectors such as sheep, could make those changes look quite small. Without that direct support, the business of farming is going to look very unprofitable for large swathes of UK agriculture, going back to Tim's point earlier about the total income from farming.

We are, of course, up for the discussion about public money for public goods. As currently defined, though, if you look at the rules as laid down by the WTO, where farmers are paid for those works, they are paid on an income-forgone basis. Our concern is that we could create perverse incentives where large swathes of agriculture are taken out of production. Yes, the area-based scheme is very unpopular with consumers and citizens, but we could create a situation where, in five or 10 years' time, large estates have been rewilded, and those payments and environmental schemes are under considerable scrutiny. We will have massively reduced the productive capacity of British agriculture.

Our solution, if there is one, is for the farming industry to look for measures that hit the sweet spot of those cornerstones that I referred to. If we can find things that drive up productivity and have a positive impact on the environment—the Secretary of State is very fond of talking about soil health and other measures—that is the type of area that we will need to tackle. We welcome the discussion that he clearly wants to have around a redefinition of public goods for the future. That may be how we design a new domestic agricultural policy that delivers for farmers, but also delivers for consumers.

The Chairman: That is a very comprehensive introduction.

Professor Tim Benton: To continue what my esteemed colleague over on the other side of the table has said about the need for a strategic plan, we cannot think about agriculture as separate from sustainability, climate or public health. We have to put them all together. For example, if you tot up all the costs of agriculture in terms of poor diet, poor air quality, poor water quality and all those sorts of things, the costs outweigh the benefits, the agricultural income, by a factor of some 10 to 15 times.

We cannot afford, from a strategic perspective, to carry on driving productivity at the expense of everything else. We have to get productivity and profitability co-aligned. The issue for farmers is not productivity, it is profitability. How can we make farmers profitable, while also providing clean air and clean water? They are not side issues or nice-to-haves. We also have to provide healthy diets in order to avoid the national health crisis. Land is our most important strategic asset, and at the moment we do not plan our use of land. We leave it up to the market, and the perverse incentives come from the global market failure in our food system.

There is a real need here to think, "What do we need from our land, our farming sector, in 20 or 25 years' time? How should it be producing food? What sort of impacts on air quality are acceptable?" A lot of the issues of air quality in London are associated with farming in the Thames Valley, for example, because of the volatilisation of nitrogen fertiliser. How do all these things trade off? It is not a matter of productivity. We have to get integrated. We have to get joined-up, and to use the subsidies to enhance the profitability of the farmers and not necessarily the productivity. Overproducing food that has negative personal health and environmental impacts that we throw away is in no-one's interest, even if the economics are right for part of the food system.

Sue Davies: I have similar points. We have to be really careful that we do not replace the current narrowly focused agriculture policy with another narrowly focused agriculture policy. The Commission is starting to consult on how it integrates public health objectives within the current CAP, but it has been far removed from some of the wider challenges of the food system. Even with the agri-environment schemes, it has been quite narrowly focused. This is where we have an opportunity to think more strategically, as others have said, and longer term about the different things that we want from a food and farming system, and the different types of incentives we need in order to achieve that.

As Which?, we think that consumers have to be at the heart of that, and the Government need to be engaging and discussing this with consumers and understanding people's views, particularly where there are trade-offs that need to be sorted out. That is something that we have done. A couple of years ago, we did a big food dialogue that focused a lot on some of the security and sustainability challenges, without Brexit in the mix at that point. When you explain it to people, they understand some of these issues, but there has to be that joined-up approach; otherwise we will miss the opportunity.

Walter Anzer: We also need a coherent fisheries policy. I attended a meeting at Defra with all the fishing industries, and I was amazed that we could not really agree with each other, but there was nobody there who was building fishing boats, because most of them were decommissioned and sold off to the Spaniards.

As I said, fishing is also very important. It is an important protein food source, and we really need to look at that. I am always amazed that there is only one fish cannery in the entire United Kingdom, and it is in Fraserburgh, canning sardines. We could have much more of that. I suggested to them, "Why not get some boats, go out and fish for some tuna fish, for example?" We have bilateral agreements. We have interests in the Indian Ocean. It is always important to look at fisheries. It is an important food source.

The Chairman: There are 10,000 people employed in Grimsby in the food processing industry in different ways, but it is added value. Most of it is exported straightaway. I absolutely agree.

Terry Jones: I absolutely hear what Sue is saying, but we do not want to replace UK production with production from overseas where we merely offshore the environmental impacts of that production.

Sue Davies: I completely agree. That is part of the food policy that we need, yes.

Terry Jones: I would recommend to members of the Committee and to contributors the NFU's vision for the future of domestic agri policy, which picks up some of what we have talked about but, I appreciate, not everything.

I have to address the point that Tim made on productivity. To be clear, we are talking about increasing productivity, not production. This is about us producing more from less, with less impact. We want the tools and the technology to be able to do that, and to use our resources more wisely. Farmers do not want to produce more than the market will take. Farmers want to be more competitive, and to use the precious resources that they have to hand—water, soil, air and so on—much better than they do today.

Lord Young of Norwood Green: For years, we have been railing against the Common Agricultural Policy, and as for them reforming it, I would not hold your breath on that one. Has the criticism not been that the subsidies are just based on acreage: the larger the farm you have, the more you get? They do not necessarily relate to any other factor. I might be wrong on that.

We have an opportunity here. Whether [Michael] Gove MP has got it absolutely right is beside the point, but there is an opportunity, as you rightly said, to see if we can find that sweet spot, where we are encouraging better farming and care of the environment: the integrated approach.

I have a final comment about the use of fertiliser. I could not help smiling. We need to control the use of fertiliser. In London, we probably need to stop the middle classes installing wood-burning stoves, which recently have been a major cause of air pollution in London. There is a serious point about the use of fertiliser, and now there are the technologies to apply it in a much more focused way.

The Chairman: From the perspective of the other sectors of the economy, is not one of the liberations of coming out of the CAP and Europe that as taxpayers we can treat the farming sector like any other? We do not subsidise small businesses. We do not subsidise high street shops, on the whole. We might subsidise the pension schemes that they have not funded once they go broke, but we do not otherwise do that. Does it not give us the liberation to treat farming as a grown-up industry that survives like anybody else?

Lord Young of Norwood Green: It is the New Zealand model.

Terry Jones: I can talk ad infinitum about New Zealand. Of course, we could do that. However, we would then be in a very small club of countries globally that do not support their agriculture in any way.

Let us be very brutal: the business of food production is not a profitable one. To Ian’s point, a country that cannot feed itself is no country at all. What do we want, if we have a situation where agriculture is going down the toilet, and we have 25-mile queues at the ports, bad weather or a global conflict?

Taking you right back to my very early points, 10 years ago, we had global commodity and food price spikes. Five years ago, we had horsemeat. There is a decision to be taken about whether we want an agriculture industry in this country, and the discussion about what it delivers. It does not merely deliver food. It also delivers landscape.

I absolutely hear the comment about the externalities, but the work that we did 12 months ago shows that, for every pound that was being spent on agriculture through the CAP, we were returning to the economy, with the externalities deducted, £7.40. I am sure that Tim and others would argue with those numbers, but that is what we had worked out. I hear the criticism.

Finally, on New Zealand, there are a couple of other things to mention. There was a 30% devaluation in the currency, half the farm debt was written off by the New Zealand banks, and the suicide rate among New Zealand farmers went through the roof.

Lord Young of Norwood Green: Apart from that.

The Chairman: We are looking particularly at pricing and security of supply. The subsidy regime makes a difference to taxpayers, but does it make a difference to prices in the shops at all, or is it independent of that?

Terry Jones: Now that we have moved to the area-based system, in theory, it should not make any difference, but it probably has indirect impacts on price.

Q9 **The Chairman:** I am going to bring that bit of the session to an end at this point. Earl of Stair, is there anything that you want to put in at this point? Everybody is going to have a last chance to put in one sentence at the end of the session, so if you are desperate to say something, you will have that opportunity.

The Earl of Stair: "An awful lot" is the simple answer. It has been one of the most fascinating sessions that we have ever done. An awful lot has come out, which has been missed by the Government in negotiations and is now coming up. The key point was made earlier on about the mere fact that people need to eat in this country. It is a security issue. It needs to be addressed, and I do not think it has been correctly addressed. Yes, I am afraid that there are an awful lot of points, and I could go for a very long time. I have been writing all session.

Q10 **Lord Selkirk of Douglas:** I would like to ask a question that has not been addressed, which is what research there should be on a continuing basis. The law of unintended consequences may apply; for example, there may be flooding. I go back to Sue Davies's point that we only produce 49% of our own food, and there could come a time when more is required. The point was made very well earlier that productivity and profitability should be aligned, but it would be useful to have research. If a purpose is laid down, it would be useful to know whether or not it is being fulfilled, and who should do the research. Perhaps that is something that we could have a written note on afterwards.

The Chairman: I will see if I can get some comments in just a second.

Lord Selkirk of Douglas: To be forewarned is to be forearmed.

Viscount Hanworth: We have heard no prognosis about the global food supplies. If we are pessimistic about them, that surely has to be a factor that is included in our discourse.

The Chairman: I am going to ask our panellists to come back on these questions.

Lord Krebs: I had two very brief questions. One was touched on by Tim Benton and is about climate change. I just wondered what the NFU's view is, Terry, on the most recent climate change risk assessment, which basically says that substantial parts of the most productive farmland in this country will be unsuitable for food production by the middle of the century, because of changes in the water regime and soil loss. This Chris Grayling MP notion that we are going to grow more of our own food is ignoring the reality of climate change.

My second question builds on something that Tim Lang mentioned. We have not really talked much about the difference between the food service sector and the food retail sector. I wonder whether the BRC or other witnesses have a view about the following proposition: after we have left the single market and the customs union, we will strike cheap food trade deals. Inevitably, [Michael] Gove MP will lose the argument. There is just no question, because the need to provide cheap food will be overriding, so [Dr Liam]Fox MP will win.

On the other hand, from what Sue told us, consumers are not necessarily willing to go along with that. There is a big difference between what you buy in a fast food outlet, where you do not know the providence—it is just a chicken sandwich—and what you buy when you go to the retailer, in particular the supermarkets. I would have thought that supermarkets would work very hard to defend their reputations on quality and standards. I cannot see Tesco sacrificing its reputation by importing cheap junk stuff from third countries that I will not mention, in case their ambassadors get on to us.

I just wondered if one answer to what is going to happen is that we will have a premium market for retail, but a market for low-quality food in the food service sector. Since the average UK person, I think, consumes more than 50% of their calories in food service, rather than in retail, that is very, very significant.

Lord Rooker: We are stuffed. Tim has made a point, which we will have to follow up, about the 25-year food plan. It is fundamental. If you have a plan, you can change. If you do not have a plan, you have chaos.

The Chairman: I am going to sum up anyway later on, but are there any other areas that come out?

Lord Young of Norwood Green: I just cannot resist putting the opposite point. I am Dr Pangloss: "All is for the best in this best of all possible worlds". If we came through the war and we were not stuffed, we will come through this. It will be difficult; there is no doubt about it. I mean, I am deliberately being provocative. Beware of generalisations, because Lord Krebs talked about fast food outlets, but they are not all the same. Some of them pay a lot of attention to where they source their products from. McDonald's is an interesting example.

I have one final comment about getting incentives to farming wrong: it was not that long ago that we were tearing up 30,000 miles of hedgerows a year, as I recall, before the policy was changed to prevent that happening.

Baroness Wilcox: My apologies for not taking part, as I normally would, very noisily, but I had an operation on my eyes, and I cannot read anything at the moment. I cannot see it. I have listened, and that is a change for me. I really feel that I want to go away and reflect on what we have heard today. I must say that there is a feeling of woe, woe and thrice woe. I am very English; I am not used to that. I live on an island, and I am used to going out there and getting what we need, so I do not think that we are all going to starve.

Baroness Sheehan: I just wanted to put something out there that we have touched on at the periphery, but we have not really tackled. When the Secretary of State was before the Committee, there were a number of things that I took away. One was that, when we talked about CAP, he mentioned soil health. When we talked about food shortages and the Chris Grayling MP comment, he mentioned innovation and technology. We have talked a bit about precision farming, but we have not really touched on hydroponics. That seems to go hand in hand with soil health, or could do. I just wondered whether that is the direction that the Secretary of State is heading in.

The Chairman: I am going to take those, and I am going to ask for each person to give me pretty much a one-sentence answer on them, which is completely unfair, I realise. Would anybody like to comment on research and development, the research that we need in this area and how we do it, or what we do?

Professor Tim Lang: You have two professors here.

The Chairman: Quickly decide which one of the two is going to do it. It will only be one.

Professor Tim Benton: There has been quite a lot of thinking across the research councils, partly driven by my old institution, the UK's Global Food Security programme, partly by BBSRC, and partly just by cross-government thinking about how our food system should shape up. We have a list of research priorities. We have had the agritech strategy. We have the industrial strategy. They all have components of what to do. There is not enough joining up, though, on how we do it to make people healthier, make farming better, make soils better, make the environment better and deal with climate change. The challenge is how we join all these things up together.

The Chairman: I am going to take climate change. I want to take every point that came up. Who would like to talk about climate change and its effects?

Professor Tim Benton: Climate change is a reality. If we are going to live within the Paris agreement, it requires a fundamental change in our farming system over the next decades. Long term, again, it is a strategic issue.

Professor Tim Lang: So is consumption.

Professor Tim Benton: Yes. So are our food systems, including consumption. When we did the climate change risk assessment, one of the issues that we raised was about this. Effectively, the Government's response to that was, "Well, the market will sort it out". That is exactly what we are saying here: it is not a strategic enough response to leave that simply to market forces.

The Chairman: Tim, do you want to say any more about the food service sector, or have you said everything that needs to be said there?

Professor Tim Lang: It goes back to what the other Tim started the session with, which is that the public have got used to that as part of their everyday lives. As a public health man, it is part of our problem. They are eating all the time, actually. It is a huge industry, and it has enormous importance, both for employment but also adding value, et cetera.

I come back to one of the central points that I wanted to make in this session, which is that we have a number of options facing us, but they are not being explored adequately at a strategic level. That is what Government should be doing. I am well informed of what is going on in Defra. There is great pressure from people inside Defra—it has expanded enormously, which is a good thing—who want to do this sort of work, but they are not getting the political leadership to allow it. This is our problem.

Andrew Opie: There are some good fast food and food-to-go people who already do this, as you have heard. The second thing that has not been mentioned is that, as a consequence of Brexit, the UK could be much more nimble with its food legislation. It could introduce mandatory country of origin for food-to-go producers. It could add mandatory front-of-pack nutritional labelling, for example, which all the retailers have got behind. There are some issues that it could address.

The Chairman: That is very important, Andrew. Thank you for bringing that in.

Sue Davies: We have to bear in mind that the food chain is incredibly diverse. Within the food service sector, we are talking about a whole range of different types of businesses. We have to be really careful that we do not end up in a situation where we have that split approach, and we look to the retailers to maintain their standards and have lower standards in another part of the food chain.

As Terry was saying at the start, we are five years on from horsemeat, and we have had a couple of other food scares recently. We have to make sure that we have regulation across the supply chain. People might chose to buy things that go beyond that, where they think there is a reason to do so, but, however much the retailers decide that their brand reputation means that they have to maintain the standards, the food chain is so much wider than the retailers.

The Chairman: Who is going to take on hydroponics? Your starter for 10? Come on, Terry.

Terry Jones: We have a handful of members who are into this, but it is a growing number, and it is now becoming scalable. To move from that to what Lord Krebs said about East Anglia, all things being equal, there will be large swathes that will not be particularly productive. There are a range of interventions through technology such as winter storage, better use of water and so on, right the way through to new crops. I know that that is a bit "pie in the sky", but there is a lot of work going on to see how we will cope in those water-stressed areas.

The Chairman: I thought it was all about wine-growing in Kent, which I was quite looking forward to.

Terry Jones: In blind taste tests, we are beating the pants off the French now.

The Chairman: Excellent.

Viscount Hanworth: I raised the issue of global food supplies, and I think that that needs answering. This is absolutely essential to our discourse.

The Chairman: Thank you for reminding me of that.

Professor Tim Benton: Global food supply is a really important strategic issue when it comes to whether we have calories and whether we can supply nutrition in a way that does not bankrupt our health service. It is not just calories; it is the nutritional component of food, and it is a strategically important thing. In Chatham House, we talk about land as being the oil of the 21st century, as the most important strategic resource. We have to have a plan to ensure that, as the world becomes more fragmented and geopolitically unstable, driven by climate change instability, we can feed ourselves in the long term and in a sustainable way. We ought to do it.

Professor Tim Lang: I am a member of the Lancet Commission, which is reporting in May, and we have done number crunching for two years. It is actually a very narrow thing. Unless diets change—in other words, more plants and fewer animals—it is pretty impossible for the food system not to continue the acceleration of climate change. The changes in diet that have to happen are very, very drastic, but it is possible to do it. That is why we need 25-year food plans.

Q11 **The Chairman:** Thank you, colleagues. I am now going to ask whether there is one thing that you want us to note on this subject, that you would like the Government to do or that you would like the European Union to ask for.

Sue Davies: I would reinforce, as others have said, that we need to have a joined-up plan, and consumers need to be at the heart of that. We have to make sure that we reinforce how important it is to have standards, and we do not have some kind of race to the bottom.

Professor Tim Lang: Even though a very good theme of the session has been that there are more values to food than just price, price comes out consistently as the main driver of food choice for consumers. Britain is a highly urbanised society. We have a long legacy of being a dependent, eating consumer culture.

A big fight that is going to shake everything, which we have not touched upon, is about to happen. It is what I call the Uberisation of the food system: the arrival of Amazon Fresh and the scale of capacity to sell through the internet. It is direct selling in a totally different way. These dynamics are occurring within the food system already, overlaid on to Brexit, and that makes it more volatile and more uncertain, hence the need for a plan.

Ian Wright: There has been lots of talk about the need for a plan. One place where you should look for a plan is the new Food and Drink Sector

Council, which will be advising and helping the Secretary of State. Credit goes to him for establishing that. I should have declared right at the start that I am a member of the Sector Council, although I have only been a member for a week, so I crave your indulgence.

The Chairman: It is only us that have to declare interests, actually.

Ian Wright: Well, there we are. There is a place for that, and you as a Committee should be holding the Secretary of State and the Sector Council to account for the joined-up thinking that everybody else has mentioned.

Walter Anzer: I would ask for the Government to be more open and communicative. They do not really say what they are going to do. Perhaps there should be more consultation with those from the industry who know what the impact will be, before they decide on a policy.

Terry Jones: Both Tim and Lord Selkirk touched on impact assessments. Impact assessments, as Walter says, would tell us where we might be headed when considering the options. Probably more important would be continued impact assessments once we have made this change, once we have made a move, particularly on domestic agricultural policy. That needs to be adaptive and fit with the very uncertain world that we might be about to jump into.

Andrew Opie: For me, it would be to put the consumer in focus for Brexit, and work back from there. All the debate has been about business and industry. The consumer, particularly in food retail and food production, is the best place to start looking through it. There is a really good "watch out" if you do not, because the first people to be hit by the consequences of Brexit will be food shoppers. We all shop for food every day, if not every week. We will be the ones—all 60 or 70 million of us—who feel the impact of Brexit.

Professor Tim Benton: Following on from that, we have evolved a food system over the last 20 or 30 years that has allowed consumer complacency to increase. We all, as consumers, have trust that our food is being delivered in ways that are consistent with our values. Brexit will force those issues to be opened up, and there is a real risk—as with chlorine-washed chicken or any of the other debates—that consumer trust in the current food system, let alone the future food system, will be perturbed. We need to think about the whole set of values, which we do not do enough. We think about price and business interests narrowly. What about trust? What would happen if our consumers lost trust in our food system?

The Chairman: Thank you, everybody. I am particularly struck, Walter, by two of your comments, one of which is that we need a bigger navy. This Committee cannot fix that, I am afraid. I am sorry about that.

Walter Anzer: There would be a bigger fishing industry if we had more boats.

The Chairman: The second is that you want the Government to decide what they want to do. I am assured by the BBC that the Cabinet will be doing that over the next two days, and by the end of the week you will be fully enlightened.

Can I thank you all for your contributions? It has been an excellent session. We very much appreciate your time, and we will be deciding how to take this further forward, but I am sure that this will itself have quite an impact. Thank you very much, and I bring this public part of the meeting to an end.