

Welsh Affairs Committee

Oral evidence: [Brexit: Agriculture, Trade and the repatriation of powers, HC 402](#)

Tuesday 1 May 2018

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Members present: David T. C. Davies (Chair); Tonia Antoniazzi; Chris Davies; Geraint Davies; Glyn Davies; Susan Elan Jones; Ben Lake; Anna McMorin; Liz Saville Roberts.

Questions 433-503

Witnesses

[I](#): George Eustice MP, Minister of State for Agriculture, Fisheries and Food, Department for Environment, Food and Rural Affairs, and Danny Jeyasingam, Deputy Director, Devolution Team, Department for Environment, Food and Rural Affairs.

Examination of witnesses

Witnesses: George Eustice MP and Danny Jeyasingam.

Chair: Minister, a very good afternoon to you and to Mr Jeyasingam. I am looking forward to a good session. We are a bit limited on time. I think you have a Cabinet meeting or something later on.

George Eustice: I have—shortly after 2.15 pm.

Chair: So we will dive straight in if that's all right. I am going to start with Ms Tonia Antoniazzi.

Q433 **Tonia Antoniazzi:** Good afternoon. Now that the agreement has been reached between Wales and the UK Government regarding the repatriation of powers from the EU, will agriculture be a devolved area of responsibility, post Brexit?

George Eustice: Yes. We see agriculture policy—the design of the schemes—and anything that might replace the existing common agricultural policy, both pillar 1 and pillar 2, as being a devolved policy area. What we have been doing over the last few months at official level—Danny has been leading on this, so he might be able to update you—is looking at the areas where we all agree there may need to be frameworks at a UK level. Then, of course, we are agreeing the approach that you will take in those areas. We have identified, in the sphere for DEFRA, about 15 areas where we believe you need to have UK-wide frameworks.

The two principal areas where everybody agrees that there need to be frameworks are, first, those that pertain to international negotiations—international trade agreements, for instance—and, secondly, those necessary to protect the integrity of the UK internal market. We must ensure that there is not such a variance in approach that we undermine the integrity of that internal market. We have identified those 15 areas, and as you are no doubt aware, the agreement reached with the Welsh Government on this is that in those areas we will seek consent and agreement with the devolved Administrations, and they are clear that that consent would not be unreasonably withheld—there will be a discussion. Likewise, the UK Government are clear that they will always seek that agreement, and any action without the consent of an individual devolved Administration would be done as a last resort.

Q434 **Tonia Antoniazzi:** In 2015, the First Minister said that it would be disastrous for Welsh farmers if the CAP was replaced by something run from London. You have talked about those different areas, but which aspects of Welsh agricultural policy are likely to be retained by DEFRA?

George Eustice: I think I will ask Danny to go through that.

Danny Jeyasingam: There are 15 areas across DEFRA's sectors—let me give you a taste of what we have been doing with the devolved Administrations. One of those areas is agricultural support. That is quite a



HOUSE OF COMMONS

broad category, and a lot of the work done at official, technical level was to break it down to its constituent elements. Although agricultural support is the broad heading, underneath that there are probably a dozen or more constituent policy elements. With officials in the Welsh and Scottish Governments and the Northern Ireland civil service, we have been working out for each of those policy elements where we think commonality is required across the UK to protect the functioning of the internal market and the UK's ability to negotiate and implement trade deals or manage common resources.

That mapping exercise has allowed us to take each of those policy areas and, through consensus, agree whether we think commonality is necessary to fulfil those principles, or whether it is only desirable. For those areas where it is necessary, we are now discussing how we bring about that commonality—in other words, what will a framework look like? All those discussions are on the basis of consent or, if we are looking at a framework, one principle is that the frameworks will be based on established conventions and practices, and the competence of the devolved institutions will not be adjusted without their consent.

It is important that, as a principle, we are seeking voluntary opt-ins to those frameworks, and for them to be co-designed. For example, under agriculture support, we feel at this stage—this is a technical discussion and further work on it is still needed—that one of those elements is around WTO reporting. We believe across the Administrations that it would make sense to have a common approach, and for the UK to fulfil the reporting requirements we would need some sort of framework that enabled us to participate in that, and for the UK to make those reports.

Underneath that area of agriculture support, you have things like farming productivity and environmental land use. At this stage—at official level—we think that commonality is not essential to protect the internal market and our ability to strike international trade deals. We are still exploring areas where we think that some commonality might be desirable. That might be fulfilled through MOUs and so on, but not through legislation.

Q435 Chair: That is a good answer. I will go straight back to Tonia, but may I gently say that, given the time constraints, if you could make answers a bit more concise that would be helpful, and perhaps convey them in a way that will be comprehensible to the many people who will be watching us?

Danny Jeyasingam: My apologies.

Chair: Thank you. I say that as somebody who probably agrees with what you say, but I am not sure that it is quite as comprehensible as I would like. I am going to pin you down—many more people want to ask questions.

Q436 Tonia Antoniazzi: I wanted to ask who decides what is deemed necessary. Is it the Government, or did you sit down together with the Welsh Government and come to those agreements? Who decides that?



HOUSE OF COMMONS

George Eustice: It is being decided in discussions. At official level, there has been an enormous amount of discussion around key areas of regulation to try to work out those areas that you think are fully devolved and should go straight back to the devolved Administrations, and those areas of EU law where we agree that there needs to be some UK-wide framework.

To give an example on agricultural support, if you look at the issue of intervention prices on milk, if the Government were to have a scheme to intervene in the market, I think it is accepted that there should be some sort of UK-wide understanding there. You have things such as fertiliser regulations. If you want an internal market in fertiliser, having similar approaches there would be another good example.

Looking at pesticides policy, there is not much appetite on the part of any of the devolved Administrations to try to construct their own independent expertise when it comes to pesticides. We have the Health and Safety Executive's Chemicals Regulation Division, which is UK-wide and respected throughout the world and throughout Europe for its expertise. If you look even at the EU, only about eight of the 28 member states have any kind of meaningful capacity to look at pesticides in detail, and we are one of them. There are examples such as that where it just makes sense to have UK-wide approaches.

Q437 **Tonia Antoniazzi:** Sorry to carry on, but do you think that there are any areas that will be quite contentious with the farming unions?

George Eustice: No. I had a meeting at Builth Wells, at the Royal Welsh showground earlier this year, in Chris Davies' constituency. I have met regularly with the Farmers Union of Wales and NFU Wales. I think they quite like the approach that we are taking, in that they absolutely want there to be some UK frameworks. They welcome what we are trying to do on market access, which I know you will probably want to come on to later. Crucially, they want the Welsh Government to be able to design a policy that is right for Welsh agriculture. We have very diverse agriculture in this country, and they want the Welsh Government to have the ability to design something that works for that.

Q438 **Geraint Davies:** Minister, if in a trade deal the UK wanted to allow in US hormone-impregnated lamb and perhaps chlorinated chicken, although that would not fit with EU standards and would therefore block our trade of lamb to the EU, in exchange for market access for manufactured products or financial services from Britain, would the Welsh Government be able to veto that? Would there have to be their consent, because it would undermine our agricultural business?

George Eustice: Well look, obviously the Department for International Trade is looking at the trade Bill that is going to look at this. The Department has been clear that it wants Parliament to be fully engaged in that. When it comes to the devolved Administrations, clearly we need some kind of mechanism to engage with them, not least because after the passing—assuming we get to that point—of the EU withdrawal Bill, these



HOUSE OF COMMONS

key elements of EU law will become UK domestic law. It will be unlawful to have hormone-treated beef and chlorine-washed chicken. If we wanted to change those, we would need to repeal that legislation before you would be able to do any trade deal along those lines. In such a situation, obviously there will be a role for Westminster, and probably the devolved Administrations as well.

Q439 Geraint Davies: To follow up, there was a move to amend the trade Bill to ensure that EU rights, protections and standards were incorporated in future trade relations and agreements. That has been rejected. At present, we have a situation where trade agreements can be agreed in secret that are in breach of some of these food standards. That would herald the sorts of thing that we have been talking about. The Trade Secretary has said that he has nothing against chlorinated chicken. We are concerned about hormone-impregnated lamb, which might not be a big issue for Britain overall in the greater scheme of things, but would be in terms of our exports to the EU being blocked.

George Eustice: In this debate, it is important that we start to face the future rather than cling to the past. For me, to have an amendment that says, "We want to hang on to this or that bit of EU regulation for eternity," is the wrong way to go. What we are doing with the EU withdrawal Bill is ensuring that we have a functioning statute book on day one, so everything has come across.

From that point on, we have to learn as a country to take responsibility for things ourselves, and not always think that we need the EU to tell us what to do. That's a cultural shift, both for us as politicians and for our civil service. It is no longer about how we evade EU rules or do this, or how high we jump because they are asking for it. It is about what we do.

Q440 Geraint Davies: So the Welsh Government won't be able to stop that. Suddenly, in this bold new future you're describing, if lamb impregnated with hormones comes along from the United States, the Welsh Government won't be able to stop that. That's basically what we're saying, if that's decided; it's in the interests of others—

Chair: Will they be able to stop it, Minister?

George Eustice: At the moment, I am saying that the current EU regulation will come across through the EU withdrawal Bill, and those elements will probably be put in by the Welsh Assembly and the Welsh Administration, and that would obviously need to be repealed before any such trade deal could be done. So there are some circumstances in which there will be residual EU law as a result of the EU withdrawal Bill, which will probably be a constraint on the nature of future trade deals, but the issue about the way in which the devolved Administrations will be engaged in trade deals is still being discussed with the Department for International Trade.

Q441 Susan Elan Jones: The Secretary of State said that the redesign of the common agricultural policy would be the prerogative of the Welsh Government. I think if that's true, that is extremely significant. Will you



HOUSE OF COMMONS

confirm to me whether anything that relates to the CAP will be the prerogative of the Welsh Government under the agreement?

George Eustice: Sorry, is there anything currently under the—

Q442 **Susan Elan Jones:** Yes, anything that relates to the CAP, the common agricultural policy. You said earlier that the redesign of it would be something that came under the powers of the Welsh Government. Will you confirm that that is true—that anything that relates to the common agricultural policy currently will, after Brexit, be the prerogative of the Welsh Government, if we do get an after Brexit?

George Eustice: The point we made earlier is that we have identified 15 areas where you would need to have some kind of UK framework, either in part or in whole. Some areas are of agricultural support—intervention prices is a good example. That is currently set by the EU. It is currently an area where neither the UK Government nor the Welsh Government have any say whatsoever, but it is an area where I think we agree that in future there should be a UK framework and a UK understanding. But the design of the schemes—how much money you pay farmers for having a particular type of scheme, whether it is flower-rich meadows or support to improve slurry management and water quality—will be very much for the devolved Administrations. The Welsh Government will have a free hand to design their own schemes in that area.

Susan Elan Jones: Thank you.

Chair: I have some questions that come more or less off the back of that, but I know you want to come in on this, Liz.

Q443 **Liz Saville Roberts:** I would be very happy to come in now. Minister, you raised something earlier about the frameworks. I would like to quote a letter from the Chancellor of the Duchy of Lancaster when the Government's amendments to clause 11 were published. He stated: "Before allowing regulations to freeze current frameworks, UK Ministers would seek agreement from the devolved Governments and be under a legal duty to send draft regulations to the devolved Administrations for approval by the devolved legislatures. If that approval was not given, the UK Parliament may nevertheless approve them." Will you confirm, therefore, that even if the Welsh Government or the National Assembly for Wales withhold consent—there is something quite Orwellian about what is defined as a consent decision—the UK Government would be able to act in devolved areas regardless?

George Eustice: Put bluntly, I suppose yes, but as we explained earlier, the undertaking in this agreement that we have reached with the Welsh Government is that they would not unreasonably withhold consent where agreement had been reached. The undertaking from the UK Government is that we would take the action you have described only as an absolute last resort. So there is a strong presumption and a strong requirement on both the devolveds and the UK Government to work through their differences in a grown-up way. That is what we do regularly in DEFRA already, and it is quite possible to work through these and to achieve a compromise and a



HOUSE OF COMMONS

consensus across the UK. That is the presumption that we will be trying to achieve.

Q444 **Chair:** By the way, I didn't mean to sound harsh earlier. I am just very conscious of the time. I know you both know a lot about this.

I want to cut down to some basics. I have listened carefully to what you have said, but let me pin you down a bit, Minister, if I may, with a few examples. Could the Welsh Government, if they wanted to, set up something like the suckler cow premium scheme? Would they have the ability to do that within the framework you propose to set out, if they wanted to—I do not think they do, but for example?

George Eustice: I do not think they want to, but potentially, yes.

Chair: They could? Okay.

George Eustice: Our initial feeling is that and this is more of an issue sometimes with Scotland, where you have a coupled scheme.

Q445 **Chair:** What about a sheep scheme? I should think there would be a bit more interest in doing that in Wales, particularly if there are issues around the export of lamb post Brexit. Would they have the power to do something specifically and only in Wales to support Welsh hill farmers?

George Eustice: Yes, basically. With the prevalence of hill farming, they may design their own schemes for hill farmers and support—

Q446 **Chair:** That's a yes. What about hedge trimming in August, if they wanted to?

George Eustice: There are some environmental issues where we have said there should maybe be some UK-wide approaches, but broadly speaking, yes, I think that would be their decision. It is important to note, by the way, that that is in the EU cross-compliance rules rather than being a legislative requirement.

Q447 **Chair:** Finally from me, I am trying to sum up what you have both said, which is complicated, in ways that everyone will understand. It occurs to me that perhaps what you are saying is that there will be minimum standards, for example on animal welfare—we have not mentioned that yet—and the environment, that the Welsh Government could add to if they wanted to, but probably could not reduce beyond a certain level. You will probably set a minimum level nationally, and there will not be any leeway to allow nation states—devolved legislatures—to try to gain an advantage over other parts of the UK by reducing standards below a minimum level. Is that a good way of putting it?

George Eustice: Yes, probably. Animal welfare is an area where we consider there may be partial areas where we want a UK framework, particularly where it pertains to international agreements, but by and large, we would see it as being devolved, as it is now. The Welsh—

Q448 **Chair:** But you would have a minimum standard that would be set nationally for animal welfare.



HOUSE OF COMMONS

Danny Jeyasingam: That is something that we are looking at in the next phase of work, but broadly you are right that we would look at trying to agree this across the UK, recognising that there might need to be divergent approaches within limits. Broadly, at an official level, we think that minimum standards in some of those areas would make sense and be in line with the principles we are working under.

Q449 **Chair:** My last point: there is currently a minimum standard for the size of cages for hens, for example. You could not suddenly have a situation where the Welsh Government—not that they would want to—think, “Let’s have smaller ones, so farmers can make a bit more money and have an advantage over farmers in England.” You would have a framework that would prevent people falling below minimum standards.

Danny Jeyasingam: Only if we thought that, by doing that, it would breach one of the principles. If in doing that—taking that action collectively across the UK’s four Administrations—we thought that that would prevent the functioning of the internal market or our ability to strike trade deals, or would not allow us to manage common resources properly, there might be something we need to work through. In some of those examples, we would have to test, but it would be hard to see how that would stop the functioning of the market.

Q450 **Anna McMorris:** From your answers so far, it does sound like you are talking to Wales. Wales can do what it likes, unless you disagree with it as you are coming up with these common frameworks and approaches. You have this agreement, but, in your view, returning to what you were talking about earlier, what does the common framework for agriculture look like? How will it actually function?

George Eustice: Obviously, one of the key things in any agriculture policy is how it is funded. There is a commitment to keep the national budget at roughly £3 billion—the current level—until at least 2022. It will be important that we work out how that is allocated around the UK, so that each Administration has the funding it needs to implement its schemes and to fund a transition from the current scheme of basic payments—area payments—to wherever they want to end up.

Beyond that, there will be areas such as pesticides regulation, where, probably, you want some kind of common UK-wide standards: fertiliser regulations, as I said; market intervention-type mechanisms; and some areas of animal welfare, as Mr Davies pointed out, where you have cage sizes on poultry that might affect the integrity of the internal market.

Beyond that, when you come to the types of schemes that the Welsh Government administer now—how much to pay farmers for having a 6 metre buffer strip around fields, or planting trees—that would be one for them to design on their own. It would be fully devolved.

Q451 **Anna McMorris:** Okay, but you are talking there as though you will be monitoring this as the development of the common framework policy moves forward. Some of the things you mentioned are already devolved. We have seen just in recent days the EU total ban on bee-harming



HOUSE OF COMMONS

pesticides, but what if England, for example, did not want to keep to that post Brexit, and Wales did? There could be discrepancies with pesticides, as you mentioned. Wales may well want to go further than England. Are you talking about a minimum standard that would be agreed jointly with the devolved Administrations as a common framework, or are you talking about you agreeing that, as a top-down approach?

George Eustice: We are working through now, and we have identified, the 15 areas where we think, either in part or in whole, there needs to be a UK-wide framework. We have established that we will achieve that UK framework through consensus, and consent will not be unreasonably withheld by the devolveds. Only as a last resort, would we act without the consent of a particular devolved Administration. Having identified those 15 areas, we are going to work through regulation by regulation. Basically, we will identify those that need to be held in that pen, where we have to have that procedure applied that we have agreed in clause 11, and we will identify those areas that are outwith that, which can go straight back to the devolved Administrations. That will be a process that will happen now. It will not be an ongoing surveillance process.

Q452 **Anna McMorris:** What you have agreed in coming to that decision on clause 11 is that decision-making powers coming from Brussels will transfer to devolved legislatures where they are devolved. It is not about coming to a decision on some; it is about maintaining that balance of power.

Danny Jeyasingam: One of the things we are looking at is the governance of frameworks and how they operate in practice. The next phase of work, subject to us having reached agreement on this first phase, on clause 11, is looking at how those frameworks will operate—at how decisions are taken, how they will be scrutinised, how disputes will be resolved. That goes beyond the EFRA sectors—it is happening across Government, through the Joint Ministerial Committee process. All the questions you ask are things that we are looking at, to try to work out how you would make those frameworks operate effectively.

Q453 **Anna McMorris:** Can I ask the Minister, what is your view on a UK Council of Ministers post Brexit?

George Eustice: I am not sure that it needs setting up formally, because it happens already. We have regular DEFRA meetings with opposite numbers in all parts of the DAs. That is a regular meeting that takes place.

Anna McMorris: I have been involved in those myself.

George Eustice: That's right. DEFRA probably does this more than any other Department, because to date we have either had to do diplomacy with the EU or we have had to agree things among the devolveds. We go as a delegation to the Fisheries Council in December, so we have a long track record of close co-operation in these areas.

Q454 **Anna McMorris:** You do, and I have been part of that in a previous role, but that would not in any way replicate a UK Council of Ministers, in the



HOUSE OF COMMONS

way the Council of Europe works. What is your view on setting up a UK Council of Ministers?

George Eustice: We haven't got to that degree of discussion, but we have established at the moment that we will always seek consensus. Whether you do that through the JMC type of model that is a bit more formal than the informal meetings that we have in DEFRA, or you have something that is even more formal, is obviously a matter for discussion, and it depends on what people are comfortable with.

Q455 **Anna McMorris:** But if it came to you as a decision, would you say yes?

George Eustice: I am not going to say yes at the moment, because I think it will be a decision for other people besides me.

Chair: Thanks for that, Ms McMorris. Mr Lake.

Q456 **Ben Lake:** We briefly touched on the issue of funding, Minister, and if there is an area for the dispute mechanism, it is probably funding in the future. But let me return for a moment to another issue. It has previously been stated—indeed, last Thursday, the Secretary of State said it—that the Barnett formula is unlikely to be applied when the allocation of funds in the CAP comes to be decided. Can I ask, at the moment, what is the idea—what is the thinking within the Department? How will the money be allocated?

George Eustice: As always in our family of nations there is often a dispute about who gets how much money, and the common agricultural policy has not been an exception in that. So Michael Gove, the Secretary of State, has made clear that he intends, at some point, to have a review of the allocations, to look, in particular, at whether we are doing enough for some of the more disadvantaged areas. So that is one part of it; that is a factor.

The second thing that I would say is we have been clear in our consultation for England—in my discussions with the devolved Administrations I think they share this view—that, currently, there is quite a lot of dependency on the single farm payment, so while we think it is a deeply unsatisfactory system for running an agriculture policy and that we could design something far better, we do think there should be a gradual transition from the system we have got to the system we want to get to.

Now, we have not put a specific time limit on that; we have left it open in the consultation to invite views, but previously we suggested, for the sake of argument, it might be something like five years, where you would gradually phase out the single farm payment alongside rolling out a new system focused on the farm environment. That is what we plan for England, and I suspect other parts of the UK, while maybe wanting to make change, would also want to do so gradually. We need to recognise that in that allocation, to make sure that each DA could use that—

Q457 **Ben Lake:** So for the time being, then, the allocations for the different nations will remain as they are at the moment.



HOUSE OF COMMONS

George Eustice: I don't know. I don't rule out any change, but broadly speaking they would remain in a similar ballpark, because each part would want to do a change.

Q458 **Chair:** Many will want to come in on this. Let me just put something to you. The big question has been, for farmers, whether the future payments will be based on a sort of historical percentage of what has previously gone, or whether it will somehow become Barnettised: in other words, Wales will only get a percentage—5%, say—of what England gets, which would be most disadvantageous because, obviously, we have much more of a rural area. When you say there is going to be a completely new system, I am sure I am not the only person on this Committee, or outside, who is a bit worried, because a new system implies perhaps that you might switch to a Barnett type of formula for paying, rather than a historical payment. After all, if it is a new system, there is no history. Do I make my question clear enough?

George Eustice: I do understand, yes.

Chair: How would you answer that?

George Eustice: I think I would say two things. First of all, we have got a clear manifesto commitment, which is that we will spend the same amount of money UK-wide on agriculture as we do now, until 2022.

Q459 **Chair:** Yes, I am more worried about after that, actually.

George Eustice: I suppose implicit in that, therefore, is that at least until 2022 you would have to have allocations that are on broadly the same basis.

Chair: Yes. I don't have any problem—

George Eustice: Beyond that, I am going to be very honest with you, Mr Davies—

Q460 **Chair:** The English Command Paper has said you are working towards the end of any kind of subsidies, although there will be payments for environmental benefit, which is fine because that means that people will still be able to get that support. But if the budget for those payments for environmental benefits is then dealt with in the same way that many other budgets are dealt with, that would imply that Wales will only get the Barnett version of it—5%—rather than something based on the historical need. Am I right to be concerned by this?

George Eustice: Post-2022—you will understand that we have got manifesto commitments up to that point—there will be a new spending review period, and at this point I am not able to say exactly what will happen post-2022, because there will need to be a discussion with the Treasury between now and that point. But what I can say is the strong representations that we are getting from the industry and, indeed, from the devolved Administrations, are that the preference is for a dedicated ring-fenced agricultural fund, rather than a Barnettised approach. We



HOUSE OF COMMONS

understand the preference of both industry and the devolved Administrations.

Chair: Okay. Many want to come in. I think, Geraint, you were first, but you will have to be fairly quick.

Q461 **Geraint Davies:** You mentioned the importance of deprived areas, and my concern is about smaller farms. Can you therefore give us a concrete undertaking that those smaller farms in deprived areas in Wales will be guaranteed, in the transition to this new process, at least the income they have, at least until 2022?

George Eustice: I can't guarantee that, because that will be largely a decision for the Welsh Government. The Welsh Government may decide that that is what they want to do, but if the Welsh Government decided, for the sake of argument, that they didn't think there was a future for small farmers in the uplands and they wanted to divert attention to larger farmers—I suspect that's unlikely, but if they did—in theory that would be their prerogative.

Q462 **Geraint Davies:** Okay. So we're clear then. Will the money be there to ensure the Welsh Government can at least match the historic money these smaller farmers have had in these areas, without it being shrunk overall? The same budget will be there for Welsh farmers?

George Eustice: Yes. The manifesto commitment was very clear that, for the UK, the budget remains the same. As I said, there will be a review of allocations, so I don't rule out that there could be some changes on the fringes of the total allocations for different parts of the DAs, but for the reasons I explained earlier they will be in a very similar ballpark.

Chair: Thank you. That's clear. Liz, and then Ben.

Q463 **Liz Saville Roberts:** I would like to return to fisheries in Wales. I will try to explain this as quickly as possible. I have to declare an interest—my daughter, Lisa, is half-owner of a fishing vessel. When we leave the common fisheries policy, the existing fishing quotas will have to be renewed. As you probably know, 90% of current Welsh fishing quotas have been sold off to non-Welsh firms, and that was rubber-stamped by DEFRA at the time that those sales happened. Thanks to further devolution, any future sales of quotas to be renewed would be rubber-stamped by the Welsh Government, save, of course, for clause 11 of the withdrawal Bill, which now reverses this and enables Westminster to take responsibility for selling off any further Welsh quotas when we come to that point. Surely the Welsh Government are best placed to balance the specific interests of Welsh fishermen alongside the non-quota species and quota species. We are looking at environmental totality in the future.

George Eustice: Quota is created, obviously, as TAC—international total allowable catch—and we have a share of that, which comes from the EU initially to the UK. The UK then passes that out to the devolved Administrations, based on a system called fixed quota allocations, which is linked to the number of vessels that they've got and their historic track



HOUSE OF COMMONS

record. It is open already to the individual devolved Administrations to play around with the way that they allocate their own individual allocation. So we in England, for instance, top-slice some of the discard ban uplift in quota, to give it to the under-10 pool. Scotland sometimes adopts different approaches in the way that it allocates certain quotas in its waters within its fleet. So there is already some freedom to do that. However, you are right—once we leave the EU, we'll become an independent coastal state, responsible for our own waters, and it's an opportunity for us to look afresh at the way that quota is allocated. Indeed, that is one of the issues that our White Paper will address.

Q464 Liz Saville Roberts: Do you share my concern, given the vocalness of some aspects of the fishing industry, and with the non-quota species and the type of fishing that we have in Wales—with the small inshore vessels—that there is a real risk that their lobbying voice will be drowned out by others, including possibly the voice of some of the EU nations that will be negotiating for quotas in the future as well?

George Eustice: I don't think that's a concern, because as I explained earlier, probably the best model we have of UK-wide co-operation at the moment is what we do at December Fisheries Council. I have Welsh officials and Lesley Griffiths attending that, sitting alongside me as part of our delegation, and I can assure you that Welsh interests are always heard. I can also tell you that some of their interests overlap with Cornish interests, and I'm a Cornish MP.

Q465 Liz Saville Roberts: Would you commit to bringing some of the quota species back to Wales? To have lost 90% means that there is far too much pressure on crustaceans—

George Eustice: There are two separate issues. One is how we try to get, internationally, a fairer share of the allowable catch, and in some species we don't get a fair share. The second issue is what we do about entitlements, for want of a better term, that were sold with vessels to overseas companies. I know that is an issue in Wales, and it's a particular issue with part of the English fleet. That is also why I made it clear—several times—that in terms of additional new quota coming in, it's our intention to look at alternative ways of allocating that, so that it doesn't just follow the fixed quota allocation route and go back into the hands of—sometimes—overseas owners of vessels.

It is also open to us, if we want, over a period of time—we would probably need to give at least seven years' notice—to start to change the basis of quota allocation. Last week, I was in the Faroes, where they are doing exactly that: they are looking at the entire way they allocate historical fishing rights.

Q466 Chris Davies: This has been very interesting, Minister. I am delighted that agreement has been found with the Welsh Government about a framework. In addition to academics and politicians in Wales, the farmers themselves seem very happy that the framework has been put in place, because it gives them a lot more security over the years ahead.



HOUSE OF COMMONS

This week, I will be giving a speech to the Welsh Commons Forum. I asked you last Thursday in the Chamber whether upland food-producing family farms have a future, and your answer was categorically yes. They are clearly worried out there. There is consultation going on at the moment, but what do you see their future to be? Those farmers are in less favoured areas, even if the actual title is disappearing. The Welsh Government, rather than the British Government, will have the opportunity to set those areas. Will they be setting the areas and giving equal payments? How do you envisage upland farmers benefiting from subsidies in the future?

George Eustice: I can describe what we are doing in England, but in terms of the uplands there will be a lot of commonality. Indeed, we may want to learn from each other about particular proposals. I recently met the Uplands Alliance, and they were quite excited by the vision we set out in our consultation paper. They said that, if we are genuine about payment for and delivery of public goods, they believe that the uplands deliver a lot of public goods and have the potential to do more.

In terms of public access, people want to be in some of those beautiful parts of the country, and they may be able to do more in that area. In terms of flood mitigation, many upland areas can hold water back and prevent flooding. In terms of carbon sequestration, the uplands can often play a very important role, with peatland restoration and so on.

The point I would make, therefore, is that there are laws at the moment. They are seen as uplands, or even moorlands, so they get a lower payment rate—they get less subsidy—because they are seen as less productive, even though they arguably do far more by way of environmental goods. If we are switching to a system that rewards people for the environmental goods they give, that is a great opportunity for the uplands. I can see a model where they have food production—they will be producing sheep in a very market-focused way—but also receive payments for what they are doing to deliver for the environment.

That is the sort of thing we are looking at for England. I think the Welsh Government are probably interested in some of what we are doing and would like us to share our thinking with them. We all recognise that some of our financially more vulnerable farmers are in sectors like beef and sheep, and are particularly in upland areas—particularly where it is tenanted land. We will need to take account of all those things, and we are very sensitive to them as we design the future policy.

Q467 **Chris Davies:** I have one more, Chair. I do not want to get into the minutiae of the future plans, but I know from my time on the EFRA Committee that there are clearly problems with the Rural Payments Agency. My constituency, which you have kindly already mentioned—I know you have visited farmers there—has a lot of cross-border issues. When the RPA was in its heyday of disaster over the last few years, I was finding that six, nine and even 12 months afterwards, payments had not been made to those farmers. I have farmers who are not only cross-border but have common land, which is cross-border as well, and they



HOUSE OF COMMONS

are usually very much at the bottom end of the queue when it comes to payment. On those payments, is England going to take the lead? Is Wales going to take the lead? Who is going to be responsible for those cross-border farmers?

George Eustice: From memory, what happens at the moment is that, for cross-border farms, the farmer can elect which DA he wants to be part of, and then there is an obligation on either the RPA or the Welsh Administration to share the relevant data so one agency can process it. You are right that historically—it is a big topic, and I don't want to get into it now—we had issues with the IT system, and there were issues to do with sharing the data in a timely way so that payments could be made. I appreciate that.

The point I would make, though, is that it is very easy to be critical of agencies, the RPA and others. Scotland have had huge problems this year processing theirs. The real problem, as I see it, having wrestled with this for five years, is just the insane complexity and bureaucracy that go with these EU schemes.

We have a great opportunity to design something that designs out that complexity and bureaucracy, and have simpler schemes, maybe not the chaos of the annual application process. Maybe if people have enrolled, they could stay on for three years with a light-touch renewal, and maybe not have a deadline. If they miss a deadline for January, well, let them join in February rather than tell them that there is no payment for that year. Maybe pay them monthly or quarterly, rather than have this madness of trying to get all the payments out of the door in the same month of the year. I think there are lots of things that we can do to take some of the tension and madness out of the current EU schemes.

Chris Davies: I am delighted to hear that, Minister. Thank you.

Q468 **Susan Elan Jones:** If each nation within the UK were to adopt distinctly different support mechanisms for their farmers, which is a possibility, how would the UK Government seek to ensure the UK internal market remained a level playing field?

George Eustice: Agricultural support is one of the 15 areas that we have identified where there will need to be some kind of partial UK framework. I think the areas in particular are where you have market-distorting intervention—intervention prices and the like—and where you also have, as much as anything else, a UK-wide approach to our WTO rules, for instance, to ensure that we come under the aggregate market support ceilings.

So, there are elements of market support, in particular, where you would need to have a UK-wide understanding. Beyond that, our analysis so far is that you could actually have quite a bit of divergence between the distinct policies and focus of different policies around the UK, and it would not be that distorting to the market. People say it is a lot of money, but it is still a relatively small sum in the grand scheme of things in terms of our agriculture industry.



HOUSE OF COMMONS

Even if you look at the CAP at the moment, there are huge variances in terms of support. Dutch farmers get paid roughly three times as much per hectare in subsidy as English farmers, and east European farmers get a fraction of what any of us get. There is massive variance already within the CAP. My suspicion is that we will actually end up with less divergence, really, in the UK than we already have in the CAP.

Q469 Susan Elan Jones: I will tell you what made me reflect on this especially. Yesterday in the House of Commons Chamber, as we were asking questions about the potential merger of Asda and Sainsbury, the Member of Parliament for Eddisbury, whose constituency borders mine, asked a question about protection of dairy farmers and I asked a similar question. That made me think, what if we were in a position, for instance, where England decided that that support was all going to dairy farmers—that won't happen—and if in Wales, vice versa? If this does not work carefully on those border areas, you could be in a position where a farm in England or in Wales is put out of business. So, it is important to get that right, isn't it?

George Eustice: It is important, particularly when it comes to those market-distorting intervention prices and the like. That is why that is the area of agricultural support where there needs to be a UK framework, just as at the moment there is an EU one.

It is worth bearing this in mind. Where I envisage we would end up with this is that there would be lots of things that currently none of us can do—don't let the UK Government do on behalf of England, or the Welsh Government or anybody else for that matter—where you would actually be able to give them much more ability to act and design their own schemes in a way that worked for them. But you would still need to retain the integrity of our own internal market.

Q470 Susan Elan Jones: I make a plea that we are not put in a position where we are artificially driving down prices. I do not often praise the Minister's political party, but, thanks to pressure of farmers and the like, we saw the Groceries Code Adjudicator, where briefly the Conservative coalition Government became good interventionist social democrats, which was great. It does also show that sometimes we have to be cautious over things like this. Otherwise, our farmers will simply be put out of business. If they are put out of business, either side of the border, they are not coming back.

George Eustice: I agree. In fact, in response to the call for evidence on the future of the GCA, we outlined a number of measures to strengthen the integrity of the market in this area: mandatory milk contracts, for instance; mandatory reporting of sheep carcass classification, which is a weakness at the moment; and we have committed to looking at some of the areas of existing voluntary codes on beef and on dairy to see whether these could be incorporated into UK law, probably through the agriculture Bill.

Q471 Ben Lake: I apologise for returning to a topic that we discussed earlier,



HOUSE OF COMMONS

but on the matter of funding and the money—the hot topic—you mentioned that there will be a review of one point of the allocations under the CAP for different nations. I can see that there are two different issues, of course. The first is the amount of money that goes into the overall pot: £3 billion or thereabouts at the moment. When the review is conducted, what role will the Welsh Government and other devolved nations have in the overall amount of money that will be set going into UK farming?

Secondly, I appreciate that the Minister has previously said in the Chamber that he acknowledges the different nature of farming across the United Kingdom. How does he envisage, post-review and post-2020, the individual allocations of the pot being distributed across the UK? We have already mentioned upland farming and the higher number in Wales compared with other parts of the UK. There could be a situation where there will be a greater need, relatively speaking, in Wales.

There are two questions there—sorry Chair.

George Eustice: I suppose I am going to be brutally honest and say that, of all my discussions, sharing out money or sharing out the cake across our family of nations is always one of the most difficult, and that is why we have said that, at some point, we need to have a review of how we do that. As I pointed out earlier, we have to recognise that everybody will want to be on a sensible transition and timeframe, but we also need to probably try and work out what we are trying to target in a new policy, and have some kind of understanding of that and what we want our overall objective to be as a United Kingdom. That is a bigger discussion than I am able to prejudge here today.

Q472 **Ben Lake:** On my first question about the overall amount of money that goes into the common frameworks, one would suggest that there needs to be some sort of input from the devolved nations. Otherwise, they will be handed a pot of money with no control over its total spending.

George Eustice: Yes. In terms of allocation, share of the cake, whatever we do, they are never shy in coming forward in that respect. Of course, there will be a proper discussion across the DAs. In terms of the total—

Q473 **Ben Lake:** The size of the cake?

George Eustice: The size of the cake, as it were. Fundamentally, as now in all areas, that would be a UK spending decision and there would be representations and discussion and endless debate, but it would form part of a comprehensive spending review plan for the longer term, post-2022.

Q474 **Chair:** Minister, I believe that Michael Gove has said that we can expect the agriculture Bill in the second half of this year. I think he said that last month. Can I look forward to reading it on 1 June?

George Eustice: I think he said the second half of this year, you mean?

Q475 **Chair:** The second half of the year, so I am—

George Eustice: Second half of the year. I—



HOUSE OF COMMONS

Q476 **Chair:** When do you think we might see that?

George Eustice: If I had to hazard a guess, I would say early autumn. We have our consultation out, we have had an enormous number of responses to it and we are working through those as we speak. We would be working on early draft clauses over the coming months. I suspect autumn is a more likely timeframe, but it is possible that it could come slightly earlier.

Q477 **Chair:** I am sure your guess is probably better than mine.

What discussions are you having with the Welsh Government about the forthcoming Bill?

George Eustice: We have a regular discussion at ministerial level—I lose track of the time—roughly every two months, which we have been running for well over a year. Lesley Griffiths attends those. Beyond that, Danny here obviously has very detailed discussions at official level. I don't know, Danny, if you want to talk about the frequency.

Danny Jeyasingam: Absolutely. I will try and keep this short. At official level underneath the ministerial meetings, we have a monthly meeting of senior officials from each of the four Administrations. Below that, we have six technical working groups, one of which covers the food and farming area. At that level, we have had close to 75 technical discussions across all our sectors. That is on top of bilateral discussions. Welsh Government colleagues will be talking to me or my agriculture policy colleagues on a very regular basis on all these issues. A huge amount of official-level discussions are taking place.

Q478 **Chair:** Based on the discussions you have had so far, do you expect that the Welsh Government are likely to approve of this Bill and support it in the Assembly, or to oppose it?

George Eustice: I don't think I have asked them that question directly, but on the basis that we are going to give them wide discretion basically to design a policy that is right for them and that this will be devolved, I do not envisage them objecting to the things that will be in the Bill. Many of the provisions in the Bill will obviously be about the design of a scheme for England, and I think they would agree with us that those bits in the Bill that may have UK-wide connotations—possibly things like pesticide policy or intervention prices—are best done at a UK level.

Q479 **Anna McMorris:** Following on from that, agriculture is a completely devolved issue, so it is up to the Welsh Government to introduce their own Bill on this. Obviously, as you said, there will be some areas that cut across, where you will need Welsh Ministers to consent to that legislation, but it is not up to you?

George Eustice: Correct. There will need to be a—

Q480 **Anna McMorris:** Okay. Sorry, I just wanted to clarify that, because you were slightly misleading in your answer to the last question.



HOUSE OF COMMONS

George Eustice: I don't think I was. What I meant by "give them wide discretion" was that it is a space where they would design their own policy, yes.

Q481 **Anna McMorris:** Forgive me, it is just sounding slightly imperialist at the moment.

George Eustice: Right. I am sorry if I gave that impression, because that is certainly not the manner in which I approach this.

Glyn Davies: It did not sound that way at all.

Q482 **Liz Saville Roberts:** Plaid Cymru's Lord Wigley asked the Brexit Minister in the Lords on 7 March, "If there is going to be a new, overarching agricultural Bill, will the Minister confirm that this would be applicable only to England, since agriculture is totally devolved to the three other nations?" The Minister, Lord Callanan, responded, "Yes, I believe Scotland, Wales and Northern Ireland will be able to pursue their own policies in this regard—which is another benefit of Brexit."

You have already mentioned that there are UK-wide connotations to the agriculture Bill. Paragraph 5 of the agreement on the European Union (Withdrawal) Bill that was signed off by Labour and the Welsh Government last week states: "For England, temporary preservation will be given effect by the UK Government committing not to bring forward legislation that would alter areas of policy in so far as the devolved legislatures are prevented from doing so by virtue of clause 11 regulations."

Could you explain how the Government intends to bring forward an England-only agriculture Bill if it has committed not to do so while constraints are in place on the devolved legislatures? Or does the agriculture Bill in fact contradict what has been said previously and have direct impacts on the devolved legislatures?

Danny Jeyasingam: It is absolutely right that the agriculture Bill will focus on England. In the context of frameworks, I think I mentioned agricultural support as an example. There are probably a handful of the constituent elements of that that we think would be UK-wide, and we are working at official level to get consensus. If those things formed part of the Bill, that would be the mechanism for delivering a framework in those areas. I mentioned WTO reporting obligations as one area where, at official level, we think you will need a UK-wide framework.

Let me put agriculture to one side for a moment. If we are looking at a policy area where we think a framework is needed and we think we need more time to design and implement that, we will use the clause 11 power—seeking consent first—to put that into a holding pen so that, while we are designing how the framework operates and is delivered, we all know that we have frozen that area of law and no one can take divergent action. In that context, in response to your question, the UK Parliament would be making a commitment that we would not legislate in England on those areas where we thought a framework was needed. We are not



HOUSE OF COMMONS

talking about the whole of agriculture; there are particular elements where we think UK frameworks will be needed. Does that make sense?

Q483 Liz Saville Roberts: It does prompt this question: there is a commitment not to bring forward areas of policy, but, in action, that does not seem to be the case, as we are moving ahead.

George Eustice: Well, we haven't brought forward any legislation yet.

Q484 Liz Saville Roberts: At the end of June?

George Eustice: I didn't say at the end of June. I think I can say that the end of June is unlikely—possible, but unlikely. An introduction shortly before recess is possible, but, as I said, autumn is more likely.

Q485 Chris Davies: On animal welfare, Minister, we have a consultation out at the moment on live exports. Farmers Fresh is a consortium in my constituency where farmers got together to buy and start up a ferry. I am a little confused, and it is easy for politicians to get confused in this day and age. We are going to allow exports of live animals from the Orkneys down to Cornwall—what is that, 400 or 500 miles? We are going to allow live exports from Holyhead to Dublin, which is 73 miles, but we are going to stop live exports across the Bristol channel, which is 25 miles. We've already said that we will retain EU animal welfare rules—some of the highest animal welfare rules in the world, set by Europe—but we will stop exporting live animals to Europe. Why?

George Eustice: We have always said, and I believe this passionately, that it is better to have a meat trade on the hook rather than live animals. I think there is an issue with live animal exports for slaughter. Exporting animals for breeding is different, I think, because they are often transported in different conditions. I think it is a mixture of reducing the stress on the animals before they go to slaughter—that is probably the main thing that is different when you are exporting for slaughter—and it is just preferable to slaughter them as close to where they were raised as is possible and practical.

That is what we are trying to achieve with this, but we recognise that there is complexity. We recognise that you have particular issues with home nations. Parts of the UK—the Shetland Islands, for instance—may sometimes need to export some live animals. There is some live animal export trade between Northern Ireland and England. We need to try to find a way of addressing this that delivers our manifesto commitment to consider restricting or controlling more live animal exports, while recognising some of the difficulties and complexities. It is an issue that we intend to consult and seek views on, but it is a manifesto commitment, as you will be aware.

Q486 Chris Davies: At the moment, of course, it is tariff-free, and it is another market that we have with Europe. The concern is that even though it is not a well-used market, it could be a more well-used market. Is it really being seen as an easy hit by us, to stop live exports to the EU? It would be popular; we know that.



HOUSE OF COMMONS

We are allowing—perhaps I am getting on to very controversial subjects here—religious slaughter and such matters in this country that would be seen as far crueller than transporting animals 25 miles across the channel. Again, I come back to this: is it a fair hit on our livestock farmers? In the Welsh hills it is a very important market, and with everything that is going on at the moment it is a great concern if we are looking at that as an easy target to get rid of.

George Eustice: I often find farmers themselves—I was a farmer; we raised livestock and cattle—

Q487 **Chris Davies:** With great respect, you were primarily a soft-food farmer, and a very good one at that.

George Eustice: We also had South Devon cattle. When you are a farmer, and you have raised animals in your care, it does matter. You want to know that when the day comes to send them off to slaughter, they will be treated properly, with dignity and respect. That is why I find that quite a lot of farmers are uncomfortable with the idea of live exports, because they do not know where these animals will end up, and how they are treated when the end comes. I do not think it is a universal view among farmers that we should keep this.

In the case of Wales, I think a lot of the exports that you do, particularly with the small lambs, are more to Mediterranean countries such as Greece—it is a big export market. My understanding is that that is on the hook. It is predominantly the trade to Belgium and France where we have a small amount of live animal exports. It is tiny in the scheme of things. It is about 30,000 or 40,000 sheep a year out of a total of about 14 million. So I don't think it is critical or essential to the business model for sheep farming.

Q488 **Chris Davies:** Just a small question on that. I read in the papers the other day, and it is bound to be correct if I read it in the papers, about a farmer who was transporting his cattle to a slaughterhouse from Orkney. I think it was a 400-mile round trip. The animals got slaughtered and the meat ended up going back to the Scottish islands, and the travelling distance was about 400 miles. Because of EU legislation, we have closed a lot of our small slaughterhouses, which would have been far better for the animal. It would have had to travel less miles, and so on for animal welfare. Will the Government be aiding and assisting and pushing to see smaller abattoirs created and established when we are out of the EU?

George Eustice: We have quite a widely distributed set of abattoirs. I know it is a particular problem, and there are fewer in Wales. I know there is this controversial issue of some animals crossing the border and being slaughtered in the UK, and that affecting the distribution of the levy and so forth, but broadly speaking, we have around 280 abattoirs and they are quite evenly distributed around the UK. There are specific challenges obviously when you have Orkney and Shetland, although I did visit Shetland's one and only abattoir, so it can be done. It is a small, well-managed abattoir that treats animals well and slaughters animals for consumption on the island.



HOUSE OF COMMONS

Q489 Liz Saville Roberts: A very quick question: what is your opinion on the possible impact of a comprehensive live movement ban on crustaceans and molluscs and that aspect of fisheries?

George Eustice: I think it's different. What we have been talking about is farm animals. We are predominantly talking about cattle and sheep. That is what we are discussing when we are talking about a live export ban. It is slightly different when it comes to crustaceans such as crabs and lobsters because they are not covered by the Animal Welfare Act. While there is some evidence that some of the larger crustaceans, such as lobsters, do have a nervous system that is a bit more sophisticated than people had previously thought, they don't experience conscious pain in the same way that mammals do and we do. So I think it would be a different thing and the proposal at the moment does not cover crustaceans.

Q490 Chair: Why is a lorry full of live sheep stationary on the Eurostar for 40 minutes more detrimental to animal welfare than a lorry pulled over at the side of a motorway for a driver's rest break for 40 minutes? As far as the sheep are concerned, inasmuch as they have any feelings, they are on a lorry, which is probably going to be stationary anyway as it travels under the tunnel. What is the big problem here? Providing they are going to an EU-sanctioned slaughterhouse, I really cannot see why this has become such a big issue.

George Eustice: I may need to write to the Committee to clarify this, but the difference is that at the moment I don't think it is currently possible to export live sheep through the Eurotunnel because they don't have the right border inspection posts to be able to do that.

Q491 Chair: You may have got me there, Minister, in that case, but you take my point. It is slightly longer on the Dover to Calais crossing—it might be an hour and ten minutes—

George Eustice: Yes, but the controversy at the moment is usually the Jolene, which is an old converted boat used to transport these animals and it is a long journey and it is sometimes a rough crossing and for that reason it is highly controversial. Exports from Ramsgate, for instance, are a good example where that is seen not to be an example of good practice.

Chair: Well answered, I suppose.

Q492 Geraint Davies: As you know, Minister, the EU is the key export market for Welsh farmers. The Farmers Union of Wales and the National Farmers Union both therefore want us to be in the single market and the customs union, so we don't face tariffs and non-tariff barriers. Will you be supporting Welsh agriculture by voicing support for staying in the customs union and the single market?

George Eustice: I'll be supporting Welsh agriculture by arguing passionately for a free trade agreement and a customs agreement that mean we can have frictionless borders and tariff-free trade across the board, including in those sectors that are important to agriculture, as you said—sheep being the largest, but also barley, which is a major export.



Q493 Geraint Davies: If your objective is to have frictionless trade and tariff-free trade without non-tariff barriers, if the only way you can achieve that is by staying in the customs union and the single market, will you support that?

George Eustice: I don't think it is the only way it can be achieved. As you will all be aware, it is a very live discussion at the moment—the nature of a customs partnership or a customs agreement. A cross-Government deliberation is going on at the moment about what that partnership or agreement should look like. We have been clear that you do not need to be in a customs union to have frictionless trade, nor, indeed, to have tariff-free trade.

Q494 Geraint Davies: But if the deal that comes to Parliament, for argument's sake, in October or November does not have frictionless trade, but it does imply tariffs and it does imply other checks and non-tariff barriers, and there is an alternative of staying in the customs union and the single market, in the interests of Welsh farmers and other farmers would you then opt for the sake of your objective, which is frictionless trade without tariffs, to stay in the single market and the customs union?

George Eustice: I am not sure it is helpful to our country's negotiating position to take the bait that you have offered me. I don't think it is necessary or likely. The truth is that we have a trade deficit with the European Union to the tune of around £18 billion a year in food and drink alone. You have Irish beef farmers who are particularly anxious to maintain access to the UK market; Danish bacon producers; Dutch poultry producers and horticultural producers; and salad producers from Spain. All those countries are highly dependent on maintaining access to the UK market, so it cuts both ways.

Looking straight at the figures, they need a trade agreement as much or possibly even more than the UK does. But we are in a negotiation, so I don't expect the EU to admit that at this stage—of course they wouldn't; that is not how negotiations tend to work. But it is manifestly the case that the European Union also needs access to the UK market.

Q495 Geraint Davies: That being said, you said earlier that we would have all the advantages of getting rid of a lot of this EU red tape, doing our own regulations and all the rest of it. In other words, you sold the idea of divergence but won't that get in the way of frictionless trade because obviously all these people who want to trade with us will say, "Well hold on, you have just invented a load of new rules which make it very difficult for us to have no checks at the borders for these divergences."?

George Eustice: There is a separate issue which is regulatory alignment and what that means. We have been very clear that we can build a model around equivalence. That is to say, because our starting point is that we have been in the single market, our rules from day one after leaving the EU will be identical. We have been arguing for recognition of equivalence and an agreed mechanism by which we can basically diverge regulation to regulation where we think that is necessary and where it doesn't affect the recognition of equivalence.



HOUSE OF COMMONS

That is a sensible, pragmatic approach to the issue of regulatory divergence. That is different to having the freedom to design your own agriculture policy. We don't see that as affecting the single market.

Q496 Geraint Davies: Obviously there will be a constraint on how our freedom is subject to equivalence, as you say.

Finally, in the transition period, my understanding is that after we leave the EU in March, in the two-year transition period we won't have trade agreements with third countries, such as Australia, South Korea and so on, but they will still have opportunities to trade into the EU, because they have existing trade agreements. Do you see that as a problem? We may end up having imports of agricultural products from South Korea, Chile and Australia, for example, and we won't have a trade agreement with them but their exports will be coming through the EU so our economy will suffer.

George Eustice: No, we don't see that as a problem, because the effect of the transition agreement is to keep everything the same, including the EU's current agreements with third countries. We would have access to those third-country agreements to benefit from them and we would also give those third countries the tariff rate quota allowance they have now into our market.

Geraint Davies: But some countries have said they want to change those agreements and we will have no agreement after March.

Q497 Susan Elan Jones: I appreciate that the Minister is putting his case on Brexit-related matters with a good deal more clarity than most of the Government appear to be doing, but are there not shades of Lewis Carroll's Humpty Dumpty in this? You are using the word to mean exactly what you want it to mean, more or less. This woolly customs arrangement, which apparently is not the customs union that exists, but an amorphous thing that will suddenly appear—how much credibility does that have? Secondly, how much credibility and stability does that provide for our farmers, who at the end of the day are the people most concerned about all this?

George Eustice: It is in recognition of that—that many sectors of industry, including agriculture, wanted certainty and clarity—that we agreed the transition agreement so that nothing at all will change until the end of December 2020. It is also the plan that by the autumn there will obviously be a withdrawal agreement concluded, and there will also be the heads of terms of a future economic partnership that Parliament can discuss and make a decision on. The point is that for business, they know that nothing will change until December 2020. That gives them clarity for their trade for the next two and a half years. We hope that by the end of this year, we will be able to give them clarity about the nature of the trade deal that will come thereafter.

Q498 Liz Saville Roberts: The Secretary of State said that the UK Government can do more to improve the procurement of British food by public bodies. Surely this is exactly the sort of area, given the different sort of economy



HOUSE OF COMMONS

we have in Wales and the different way that the Welsh Government and local authorities operate—including my own, Gwynedd county council, which has a long history of procuring food for schools from local producers—where devolution should be allowed to develop to meet local needs.

George Eustice: Yes, broadly I would say that. Where it is the Welsh Government who hold the purse strings in procuring certain things, they hold the purse strings and control that procurement policy. One of the things that we have done is to make clear that all Government Departments must abide by the balanced scorecard—the Government's plan for procurement that was announced by Peter Bonfield three years ago. It is now a requirement for Crown Commercial that they ensure all Government Departments abide by that balanced scorecard. That has been quite successful in getting Departments to source their food more locally. Obviously, that usually means more British food being sourced.

Q499 **Liz Saville Roberts:** But procurement is one of the 24 competencies to be held back.

George Eustice: A procurement decision about where you buy your food from is a decision for—there is an issue of procurement policy in the legal sense, which is all about the integrity of the internal market, but then there is the issue of whether you want to adopt the balanced scorecard approach to procurement within that, and that is a separate matter.

Q500 **Liz Saville Roberts:** It is the policy itself that will enable and facilitate this or not. The policy will not be at Welsh Government or local authority level. This is a missed chance. If we have an opportunity to take back control, this is something where, given that opportunity, we could have seen Wales and the economy of Wales flourish.

George Eustice: I think it is one of those where with elements of it—the bits that affect the integrity of the internal market—obviously there need to be some sort of UK framework, just as at the moment there are EU procurement rules. The decision, for instance, about the criteria that you will apply to rank suppliers is something that we are encouraging individual schools and hospitals to take up right now.

Q501 **Liz Saville Roberts:** This is a related question, but it looks slightly wider. Looking back at your Department's history, since June 2016, DEFRA has employed 1,200 extra officers. You mentioned earlier that the Secretary of State has published a comprehensive consultation, mainly England-only, on food, farming and the environment that is due to end this month. You have answered the vast majority of our policy questions in essence as though DEFRA will be deciding unilaterally on the future of agriculture post-Brexit. The Scottish Government, Plaid Cymru and, most recently, Scottish Labour and the Scottish Lib Dems have made the point that you are in fact ipso facto operating a Westminster veto.

George Eustice: I don't accept that, because I think I explained the approach to clause 11 that has been agreed with the Welsh Government. I made it clear that in terms of some of the approaches we are taking to



HOUSE OF COMMONS

England, there are England-only components. I have also been clear that it will be for the Welsh Government to bring forward their own Bill to put in place their own agriculture policy. I don't think I could have been clearer on that earlier. If you would like a more Welsh-centric discussion, it is open to you to invite Lesley Griffiths here to update you. *[Interruption.]* She may be coming, or she may already have come. Look, I can only talk about what we are doing in DEFRA, but I do not agree that I have given the impression that this is a sort of UK Government takeover.

Q502 Chair: We have only a couple of minutes left and I have one last question on the red meat levy—you will be aware of the irritation of that. For those who are not, a lot of animals produced in Wales end up being slaughtered in English slaughterhouses, and the red meat levy then goes over to promote English rather than Welsh meat. It has been a long-running issue. Do the Government recognise the problem? If so, what action are you going to take?

George Eustice: It has been a long-running dispute. The issue is that, yes, in the case of both Wales and Scotland, some livestock do cross the border to be slaughtered and therefore the levy is retained by the AHDB. Some estimates have put that at something like £2 million a year between Scotland and Wales. Countering that, the AHDB make it clear that they spend about £7 million a year on UK-wide work, principally on exports and trade fairs that they fund for the whole of the UK, so there is a separate side to the balance sheet.

From my point of view, we probably need to look at how the levy is collected and consider possible alternatives. There is no reason why it needs to be collected just at the abattoir—at the point of slaughter. At the moment we are giving consideration to a review of the AHDB, including its functions, its purpose and its focus across sectors. As we enter this period of change, it is a good time to review all of the levy bodies within AHDB, so this will be an opportunity to look at a different collection methodology.

Q503 Chair: It sounds as though you at least recognise a problem with the current set-up.

George Eustice: Yes. I do recognise that there is an issue of animals crossing the border, but I recognise the counter-arguments from the AHDB. The solution is probably to have a different collection methodology for the levy and then for each of the levy bodies around the devolved Administrations to agree to pool certain resources to do UK-wide trade work.

Chair: Okay. That's positive. That brings us to the end of our formal questioning—and it gives you two minutes, Minister, to be at the important meeting. Thank you very much indeed, both of you.