HOUSE OF COMMONS

Northern Ireland Affairs Committee

Oral evidence: Brexit and Northern Ireland: Agriculture, HC 939

Wednesday 20 June 2018

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Watch the meeting

Members present: Dr Andrew Murrison (Chair); Mr Gregory Campbell; Mr Robert Goodwill; Lady Hermon; Ian Paisley; Jim Shannon

Questions 158 - 219

Witnesses

I: Dr Simon Doherty, Junior Vice President, British Veterinary Association, Conall Donnelly, Chief Executive, Northern Ireland Meat Exporters Association, Dr Mike Johnston, Northern Ireland Director, Dairy UK, and Ian Stevenson, Chief Executive, Livestock and Meat Commission.

Examination of witnesses

Witnesses: Dr Simon Doherty, Conall Donnelly, Dr Mike Johnston and Ian Stevenson.

Q158 **Chair:** Good morning, everyone. Welcome to the Northern Ireland Affairs Select Committee. Thank you very much indeed to our witnesses for coming today and investing their time in informing us in our thoughts that will go towards the report, which we are going to be publishing fairly shortly, on the important matter of agriculture as far as it relates to Brexit and Northern Ireland. Gentlemen, I would like you to spend a brief minute or so describing who you are, the organisation you represent and, very briefly, how you see Brexit impacting upon your particular sector.

Ian Paisley: Mr Chairman, before we start, can I declare an interest?

Chair: Of course.

Ian Paisley: I have been a member of the British Veterinary Association for a long time and have also received support from the MEA.

Chair: Excellent; thank you very much for that. Dr Doherty, would you like to kick off?

Dr Doherty: My name is Simon Doherty. I am the junior vice president of the British Veterinary Association. I too will declare an interest: I currently provide consultancy services to the UK Government's Department for International Trade, within the agri-tech team, as the industry specialist for animal science and agriculture.

However, I am here today representing the Northern Ireland branch of the BVA. We represent around 17,000 members right across the UK in clinical practice—Government, industry and academia. As I mentioned, we have a specific branch covering the Northern Ireland region, where most of our members are in general practice covering small and large animals. A number of members are based within DAERA, a few within AFBI and a very limited number within the industry in the Province.

With regard to where we see the future in relation to Brexit, obviously there are—we will get into this in more depth—considerable issues around the border and so on. That is an absolutely integral role in animal production and the whole piece around food safety, food traceability, sustainability and indeed animal welfare. There is direct importance in relation to disease surveillance and enforcement of traceability right through from farm to fork. Of particular relevance to Brexit is the whole piece around veterinary certification; we have some concerns there. As a sector, ultimately there is an opportunity to build a really competitive sector in the agri-food space within Northern Ireland post-Brexit, but there are some things we absolutely have to get sorted with utmost urgency in respect of the border. In particular, we would call for some of those issues to be dealt with very quickly, and particularly before October.

Dr Johnston: Good morning. My name is Mike Johnston. I am the Northern Ireland director of Dairy UK, the trade association of the British dairy supply chain. It brings together processors, dairy co-operatives, manufacturers, farmers and bottled milk buyers throughout the United Kingdom. Dairy UK members collect and process about 85% of the milk that is produced and processed within the United Kingdom.

From our point of view, there are three strands that are important to us. First, obviously there is the United Kingdom internal market, to make sure we have continued access there and there is no disruption or distortion within the internal market. Secondly, there are the island of Ireland issues. We will probably get into those, but they are fairly well rehearsed. We have a dairy supply chain that has been evolving over decades, which delivers value for dairy farmers and dairy processors, both in Northern Ireland and in the Republic of Ireland.

In parallel with that, there is the trade we do with the European Union. Third-country exports outside the European Union are extremely important to Northern Ireland. If you look at the total UK exports of dairy outside the European Union, Northern Ireland is the main exporting region, so third-country exports are extremely important to us. We are looking to see decisions in these areas that will allow our dairy companies to continue to trade and do business as close as possible to where we are at the moment.

Ian Stevenson: Good morning, everybody. My name is Ian Stevenson. I am chief executive of the Livestock and Meat Commission in Northern Ireland. We are a red meat levy body, so we are funded by producers and processors, but we are also a public body sponsored by the Department of Agriculture in Northern Ireland. We provide a range of services to the industry in Northern Ireland around the area of marketing support. We operate a farm quality assurance scheme in Northern Ireland, similar to the Red Tractor scheme in GB, and we also do a lot of consumer promotion and industry development work.

In terms of the industry that we provide our services to, we represent about 25% of the output of the Northern Ireland agri-food industry for the beef and sheep sector. We have a lot of small family farms in Northern Ireland. Most of the beef and sheep farms in Northern Ireland are categorised as very small or small and have been quite dependent on the common agricultural policy support instruments over the years.

Similar to what my colleague in the dairy sector was saying, as an industry we do market our produce within the UK primarily—about 80% of our beef and lamb are sold within the UK—but we also trade quite significantly into the European Union, particularly to the Republic of Ireland and the near continent. We also have a range of carcass-balance issues where we export quite a bit of product into third-country markets. Similar to the dairy sector, we are obviously very anxious to see how we can try to clarify some of the uncertainties we are currently facing around this issue going forward on our future trading environment and also on our future agriculture support, which is of vital importance to the industry.

Conall Donnelly: I am Conall Donnelly, from the Northern Ireland Meat Exporters Association, the trade association for the Northern Ireland red meat industry. We represent the beef and lamb processors in Northern Ireland. Our sector employs 5,000 people in processing and has a turnover of £1.3 billion. It is the single largest subsector in the Northern Ireland agri-food sector.

We have three fundamental concerns at the moment that arise, directly and indirectly, from Brexit. When you look across our business, the fundamental aspects of our business—from supply chain to operations to sales—are all affected. Procurement and the supply chain is affected by the uncertainty around agricultural policy, and to some extent also by uncertainty around trade arrangements. Our suppliers are predominately beef and sheep producers in Northern Ireland, which tend to be the more marginal sectors that are dependent on support. Therefore agricultural policy will be crucial going forward for securing supplies. In terms of operations, we are heavily dependent on labour, particularly labour coming from the EEA in the sector that at the minute is under threat to some degree in terms of availability of that labour. This is an issue in terms of labour tightness in the market, which to some degree pre-exists Brexit.

We also have concerns about trade and our access to EU markets. As Ian Stevenson has said, there are carcass-balance issues. For certain parts of the carcass we are a disassembly industry, we break down the carcass, and there are certain parts of the carcass that we market in Europe for which there is not a market in Great Britain. Therefore access to that market is essential. Access to third-country markets is also essential going forward. We are also concerned about threats to the domestic market in the UK, the threat of cheap imports produced to lower standards if trade policy changes. There are threats in terms of changes to those policy areas that affect fundamental aspects of our business.

Q159 **Chair:** Thank you very much indeed; that is very comprehensive. Could I start with the differences between agriculture in Northern Ireland and GB? You will be very well aware of "Health and Harmony", produced by DEFRA. You will also be aware of the fact that there are no Ministers at Stormont and the paradox that Northern Ireland—of all parts in the United Kingdom—is very much in the frame, as it were, in what is happening in relation to Brexit.

To what extent do you think the voice of Northern Ireland is being adequately heard in your business? Have you concerns about "Health and Harmony"? In particular, do you think the uniqueness of agriculture in Northern Ireland, which you have touched upon already, is being properly reflected in what you are seeing coming out of Government, broadly defined, which for practical purposes at the moment means Westminster, since Stormont is in abeyance?

Conall Donnelly: There are fundamental differences between Northern Ireland and Great Britain in terms of agricultural output. The number of small farms in Northern Ireland is probably greater. An awful lot of our beef producers are on small farms. We do have issues around productivity that need to be improved. I suspect that was not as well represented in "Health and Harmony" as we would have liked. There was a very GB or English flavour to "Health and Harmony". There is the potential to deliver an agricultural policy for Northern Ireland and there should be. If the promises we have been made around having a lot more autonomy are to be delivered, then that would be very important.

One area where we are very different is that we have a land border with the Republic of Ireland and we will need a level playing field with the Republic of Ireland in terms of being able to compete on the European stage and also in the UK market. When we look across the border at how agricultural policy is delivered there, there are a lot of progressive policy instruments used to improve productivity. A lot of progress has been made around genomics. There is a beef data genomics scheme that has helped with progress in terms of productivity of cattle coming on to the market. We have seen a lot of progress and joined-up thinking around the approach to taxation on agricultural land, which is a major constraint in Northern Ireland.

We have the conacre system in Northern Ireland, whereby land is let on an annual basis and an awful lot of that land is not overly productive. That is a major constraint in terms of improving productivity. In the south of Ireland what they have done is introduce tax breaks for landowners who lease their land on a long-term basis. That encourages improvement in productivity because farmers are then encouraged to invest in their agricultural land, instead of having a one-year system whereby you are not guaranteed having it the following year and maybe your investment is wasted.

Even a level playing field across the UK is an issue at the moment. There is a major issue at the minute in that processing grants that are available in Great Britain are not available in Northern Ireland. Our own civil service has taken the view that the food processing grant scheme—which will be delivering 40% grants to processors in Scotland and 20% grants to processors in Wales, as I understand it—is not available to large processors in Northern Ireland. Wales has now announced a fund of £2.15 million for the red meat industry. Decisions like that are happening elsewhere in the UK. However, because we do not have an Executive in Northern Ireland, that is not happening and we are losing out at the present time on the kind of support we are going to need to cope with the changes around Brexit.

Ian Stevenson: One additional issue from the red meat sector is that the structural situation in Northern Ireland is very different from the rest of the UK in terms of the scale of our farming businesses. I touched on that in my introduction. Of the roughly 19,000 farms in Northern Ireland that are involved in beef and sheep production, about 75% are in the less favoured areas. That is a big policy issue for us in Northern Ireland. I know that the last time we had a Minister in post there was quite a discussion about what type of support arrangements needed to be provided in those less favoured areas. The less favoured area compensatory allowance scheme has also been phased out. I know it was something the industry was very keen to pursue with the Minister—when we did have a Minister in post—as to how that type of support would be developed to try to make sure those areas do not become abandoned.

That is the big concern we have: the next arrangement for that type of less favoured area land, which is only suitable for livestock grazing, would be some form of forestry or for it to go back to its natural state. From a Northern Irish perspective, we are certainly aware of the potential to convert that human inedible protein into edible protein and we can do it quite efficiently. We have the water resources to do it and we have the family farm structure to do it. We certainly want to try to make sure we have a system going forward that maintains the output from those areas, if anything can grow the output from those areas.

Chair: We are going to come back to this shortly, but I am conscious of time. I am going to pass over to Jim Shannon, and perhaps we will come back and talk a little bit more in due course about the absence of an Executive and the impact that is having.

Q160 **Jim Shannon:** Before we start, I do not know whether it is necessary, but I want to declare an interest as a farmer and landowner, which of course I am.

Gentlemen, thank you for coming and for your contribution this morning. There are a number of questions I want to ask. I will start with yourself, Simon, in relation to the veterinary issues and, in particular, animal medicines. Do you see any particular difficulties with Brexit and the supply of animal medicines, for instance? Is that an issue you see? If yes is the answer to that question, then I will ask you the following question: how do we address that?

Dr Doherty: Certainly the whole piece around the regulation and supply of medicines is quite a complex one. The one absolute definite that we know is that the European Medicines Agency is moving from Canary Wharf to Amsterdam, and therefore there will be changes in how veterinary medicines are regulated. Initially the noises we heard from the Veterinary Medicines Directorate indicated that it was going to try to keep a level of parity in terms of regulation. However, regulation will affect supply, and the reason for that relates to English language labelling. At the minute, veterinary medicines are labelled for the English language for the UK and Republic of Ireland markets. If we get to a point of divergence, where the Republic of Ireland essentially is still on the European licensing authority, there is a question mark as to whether any

UK licensing authority can be on the same packaging as a European licensing authority. There is an element of uncertainty about that.

Coming with that there is a question mark as to whether some pharmaceutical companies will then start making decisions as to which markets they will go into. The primary market will be North America, the secondary market will be Europe and then we will be one of the also-rans. It could be that any new products that are coming to market may be a little bit slower. At the minute that is a little bit hypothetical and we are not sure how the regulatory alignment is going to work on that.

Q161 **Chair:** Can I just interrupt there? This is labelling and instructions. You said the primary market is North America. I am thinking that, in European terms, many of the markets will be countries that would not normally expect to see their language in the documentation you have described. For example, in human medicine Holland is used to using the English language. Why would those instructions and guidance on medicines not be printed in English—notwithstanding, of course, the need to address the Republic of Ireland?

Dr Doherty: They could be printed in the English language, but there is a question mark over whether the European licensing authority can be on the same packaging as a UK licensing authority or whether there would need to be separate packaging and batch release. At the minute, when a pharmaceutical is produced, there will be what is called a batch release. For example, a veterinary pharmaceutical that is manufactured in the United Kingdom would need to be batch released within Europe for the European market. Therefore, there is already an additional cost; that if a product is manufactured within the UK it would possibly then need to go for further testing within Europe before it can then be batch released. At the minute that is the uncertainty we have about that.

Q162 **Chair:** Which language would be used then?

Dr Doherty: It is going to depend on which market those are going into. It is an additional step that is going to be required. Certainly for products that are coming into the UK it is whether in fact the UK licensing authority will be allowed to go on the same packaging. A lot of that is down to European regulations at the minute. There is an indication you would need to have separate packaging, albeit English language, for the European market and separate packaging for the United Kingdom market. That is an area we need to dig deeper into. Certainly BVA is obviously very keen that we maintain our level of accessibility to new and innovative products, for a lot of which the research and development continues to be carried out in the UK. We are very conscious that is a bit of a hot potato at the minute.

We have been given an indication that VMD would have some question and answers prepared, but is awaiting permission from DExEU to release that clarification to members. I spoke last week to member states of NOAH—the National Office of Animal Health. I was invited as a BVA speaker to give a view on that from the point of view of vets working within the United Kingdom in relation to the supply and regulation of medicines. At the minute there is a level of uncertainty. We hope it will not be a problem.

A particular problem for Northern Ireland is where there potentially—again, it is potential at this stage, because right now we are part of the European mechanism—will be a product that is licensed in the Republic of Ireland or in Europe and a different product licensed in Northern Ireland or the United Kingdom. For those practices that are straddling the border and have clients, particularly farm animal clients, on both sides of the border, it is going to be an absolute nightmare keeping double the amount of pharmaceuticals in the boot of the car. That is something we are going to have to look at as well. Again, it is not insurmountable, but we would be keen to try to get clarification nailed down sooner rather than later.

Q163 **Jim Shannon:** You understand the real difficulties we will have if it is going to be in English or going to be in French or going to be in German. My goodness me, we are getting down to those difficulties and making them astronomical obstacles. You do despair sometimes, but thank you for a very helpful answer.

Mike, I live in an area, as you probably know, where we produce some of the largest amounts of milk and dairy for the markets—I think it is the second largest in Northern Ireland in relation to milk production. You have outlined the issue for the farmers to the factories. For instance, for Pritchitts Foods in Newtownards, the nature of their business is that they send their product across the border and it comes back across the border again. We understand those difficulties very well.

In your opinion, what would you like to see post-Brexit in relation to the dairy producers, where they would be and what they would want to have? I perhaps know the answer, but I think it is very helpful to come from yourself as a spokesperson for that sector.

Dr Johnston: Is this in the context of all of Ireland?

Jim Shannon: Yes.

Dr Johnston: It is maybe worthwhile outlining the process and what happens at the moment. Probably 29% to 30% of the raw milk that is produced in Northern Ireland is moved into the Republic of Ireland for processing. That happens in a very simple way. It is based on having the same standards for dairy farms in Northern Ireland as in the Republic, it is based on an open border and it is based on free movement. At the moment, if milk is lifted off farms in Northern Ireland and moved to the Republic of Ireland, whether that is intercompany or intracompany, there is the usual sort of documentation that will go with that. Then retrospectively, on a monthly basis, the dairy company that is involved will inform the Department of Agriculture of the movement and the details that are involved. The Department of Agriculture will then issue veterinary certification to the receiving company in the Republic so that if they need to export outside the EU, DAFM in the Republic can issue the necessary veterinary certification. This is a system that works: it is smooth, seamless, electronic and audited regularly by both member states and the European Union. It has evolved over decades and it works.

If we had no withdrawal agreement, in the no-deal scenario, it would have quite a significant impact. We would have about 30,000 tanker loads of milk per year going across the border. An estimate is that any delay would cost about £1 per minute, so let us start to make some assumptions. Let us assume that a tanker is delayed for an hour going across the border and then another hour coming back, there is £120. You gross that up and it would be costing about £3.5 million per year, which is for raw milk only. You then add in the other products that would be going across—cream and milk powder for further processing—and you could probably add another £1 million there, so you are up to £4.5 million. In terms of the added bureaucracy and added documentation that would be required, you could add in probably another £4 million. Therefore, you are looking at somewhere in the ballpark of £8.5 million that this would cost the industry if we had to go through that sort of border process.

However, it does not end there. What that sort of outcome would do is build in considerable inefficiencies in the logistics system. In all likelihood, the dairy companies would have to invest in additional tankers and you are looking at £140,000 per tanker. The other aspect of course is that once raw milk is lifted off the farm, the clock starts ticking. The rule of thumb is that there is about six hours to get that processed. You run into these sorts of delays at the border and you can see the implications.

We have not even started to think about tariffs. If we were into a tariff situation, the current tariff at the current exchange rate would be about 19p per litre. The average price at the minute is around about 27p. It would therefore cost any processor in the Republic of Ireland buying milk in excess of 46p per litre.

You can start to see the implications if we have delays at the border. It is therefore very important that we have something in place that will allow the trade we have at the minute to continue as close as possible to the way we do it at the moment.

Q164 **Jim Shannon:** The way we are doing it at the moment, Mr Chairman, is a method that seems to be fairly seamless in the transition of how it happens. You have given a scenario for producers in Northern Ireland. The same effect of course applies to businesses in the Republic of Ireland, who are bringing stuff across the border as well. Therefore, the negative factors you have outlined are replicated across the border, probably to a greater extent. The point I am trying to make, Mr Chairman, is that it is to nobody’s advantage to have that, and that we have a system in place that works.

Dr Johnston: It works, it is audited and everyone is happy with it.

Jim Shannon: Exactly.

Dr Doherty: What Mike has given there is possibly a worst-case scenario in relation to no deal. It is also worth bearing in mind that, in terms of sanitary and phytosanitary checks at the border, even if we end up with some kind of deal, we are probably on a greyscale of some kind of risk-based check being carried out at the border. There is probably still going to be some impact. We can build that into the negotiations to try to make that movement across the border as seamless as possible. However, it is probably worth bearing in mind that there is likely to be some additional cost in terms of that certification process. Whereas some of that is literally moving backwards and forwards with automated processes, there is probably still going to be some level of risk-based checking to be done under any future arrangements anyway.

Q165 **Jim Shannon:** I have a question for Ian and Conall, Mr Chairman, and I am trying to go as quick as I can.

First of all, Conall, just to let you know I am having a meeting next Tuesday with the Minister in relation to the capital moneys that should later be made available, some to Wales and Scotland. That is an issue that some of us are very aware of. I have three major agri-food sector businesses—I mentioned one previously to Mike, but there are two others as well—that are all stuck in that course where they cannot get that grant either. It is disgraceful, so we are trying to move that on. I will give you one of my cards with my details and I will let you know how that goes next Tuesday.

The meat exporting sector is tremendously important to all of us, be it the less favoured areas you referred to, Ian, or the major beef producers where I live and also the sheep and lambs as well. How important is it to have a workforce that is accessible and how do you see that happening after Brexit?

Conall Donnelly: It is absolutely critical. If you look back to the early 2000s, there was a great degree of tightness in the labour force in Northern Ireland, particularly around the Dungannon area. Desmond's shirt factory closed in Dungannon around that time and laid off what staff it had. However, one of the reasons they closed was because they could not attract staff. What resolved the tightness in the labour market at that time was opening up to the accession countries. In and around that time we found that there was more availability of labour and it took the pressure off. That allowed the Northern Ireland agri-food industry to grow and it has grown substantially over the period from 2004 to now.

It is going to be a significant constraint on our growth if we cannot attract labour. Around 60% to 70% of operatives in the industry are EEA workers. The availability of those workers to factories right across Northern Ireland is what underpins jobs, and not just all sorts of jobs within the factory, but also in the ancillary trade. They have come and stayed, they spend money in communities and they are building their lives here, and that all adds to the economy.

What we have seen over the last couple of years is another tightening in the supply of labour. It is not just related to Brexit, but two things associated with Brexit have affected it. One is the weakening of the pound, which means that when they repatriate money back home—some of them intend long term to go back home—it is not as attractive. They can also move across the border quite easily, as many have done, and some will just go home. There is the cold-house effect as well, which has left some of these workers quite uncertain. A lot of reassurance has been required for them to stay with businesses.

In terms of attracting labour into the future, a resolution around the EEA is not enough in itself. There are a couple of things that could be done. First, butchery is a skilled job, just as much as it is to be a chef or to work as a welder, and those occupations are listed on the shortage occupation list. We would like to see skilled butchers coming in on the shortage occupation list. That is something that is happening in the Republic of Ireland. Work permits have been made available within the red meat sector in the south.

Again, to come back to this question of a level playing field, work permits have been made available to factories in the Republic of Ireland to employ third-country operatives, butchers with a certain level of experience and with a salary threshold. That improves their competitiveness relative to operators and processors in Northern Ireland. We need to be able to attract workers—not just from Europe but, where necessary, from other countries—to work in our factories to help us deliver a good product to the UK consumer, which is what it is all about at the end of the day.

A major risk in all of this is that we will find down the line, if we continue to have this constraint in terms of labour, we will not have access to enough labour to do the processing. It could be a death by a thousand cuts, whereby because we do not have the operatives in Northern Ireland to undertake the work we become less competitive, our costs increase and by virtue of the market we could very well see operations quickly moving across the border to the Republic of Ireland.

Q166 **Jim Shannon:** We must retain the workers we have and give opportunities to those with skills. I agree with you that butchers are skilled people. You do an apprenticeship to become a butcher; you do not just walk in there, grab a knife and you are there.

I have one very quick question on the importance of having grants available to sustain farming. Our Government has given a commitment to continue those in this term as long they have control and hopefully after the next election that will not change too much. How important will it be to have a continuation of those grants that are coming through the EU at this moment in time into the future?

Ian Stevenson: It will be absolutely critical in terms of support for the farming side of things. One of the biggest concerns we have going forward is for the breeding herd, particularly in the suckler cow industry, which is a very marginal business at best, as it is a very long lifecycle before you get any output. Those are typically small farms. The average size of a herd is about 18 cows, so it is a small farming structure, as are breeding sheep flocks that are about 100 ewes on average. They are small farms, very dependent on support. It is good that to the end of this Parliament the same level of support has been committed, which is encouraging to see and hopefully we can have constructive discussions on how that is allocated and used.

Certainly going beyond that, it is such a long-term process. Farming is not something you want to fall off a cliff edge. We have already seen some contraction in the suckler cow industry in recent years. That is where the highest quality beef in our industry is coming from and we certainly do not want to see that being eroded any further. We would like to see a decent level of support designed, which can maintain those basic supply herds that support the processing sector with the raw material.

Dr Doherty: Can I just make a brief comment before we leave workforce completely? We are having a real recruitment issue with veterinary surgeons in Northern Ireland at the minute, as we are right throughout the UK. About 10% of vets who are currently working for the Department of Agriculture in Northern Ireland are European-qualified vets.

Chair: I certainly intend to come back to that specific point because, considering all of this material, it struck me as a particularly important issue. Forgive me, but we will come back to that after Lady Hermon.

Q167 **Lady Hermon:** Thank you very much indeed, Mr Chairman, and thank you all very much for coming along to give us evidence this morning. It is really important that we hear your voices.

An issue arose last week that was something of a shock, which was that the witnesses we had before us, who were excellent, had apparently not been invited to take part in the stakeholder group representing all sorts of interests to the Department in Northern Ireland. Could we confirm from the very beginning that each of the organisations you represent have in fact been invited and have not been turned away by those who organise the stakeholder group, that you are all represented on this group?

Dr Doherty: To be clear, is this the DAERA rural stakeholders' forum?

Lady Hermon: Yes.

Conall Donnelly: We are involved in that group.

Ian Stevenson: We are not involved in that group.

Q168 **Lady Hermon:** Do you wish to be involved in that group? Did you ask to be involved in that group?

Ian Stevenson: In fairness, as a public body sponsored by DAERA, whenever DAERA was establishing the structure of that group, I think they looked to see how the red meat sector was represented. I suppose Conall represents the processing side of things and the Ulster Farmers' Union represents the farming side of things. My understanding is that they were more looking towards the representative groups to participate in that, so as an organisation we were not invited to participate in it. We have given presentations to the group. We have done a piece of work on a WTO impact study and we were able to give a presentation to that group to outline the issues that the sector has. Therefore we have had access to it, but we are not directly sitting on the group.

Q169 **Lady Hermon:** You are not wildly disappointed that you are not a full member of the group?

Ian Stevenson: I am not wildly disappointed, as I know the sectors I am serving are being well represented by the professional voices of the lobbying organisations that are sitting there.

Dr Johnston: Yes, I sit on that group.

Dr Doherty: If it is in relation to the DAERA rural stakeholders' forum, certainly the Northern Ireland Veterinary Association and the Association of Veterinary Surgeons practising in Northern Ireland alongside BVA, Northern Ireland branch, have had representation on that group in the past, but we can double-check that for you.

Q170 **Lady Hermon:** That would be very helpful. Do you mind if I come back to you, Mr Stevenson? You are not on the group. I was particularly taken by the evidence you have given about production in less favoured areas and your concerns, which I readily understand. Having grown up on a rural farm in County Tyrone, I do understand. You are not on the stakeholder group. What is the policy you have advised going forward to ensure—I took down your words—that you have continuation of production from these less favoured areas? We are talking about beef and sheep?

Ian Stevenson: As an organisation we have very good working relationships with our stakeholders. As a body funded by farmers and by processors, we have very close working relationships with the Ulster Farmers' Union and with the other farming representative bodies in Northern Ireland: the Beef Association, the Sheep Association and the various other farming stakeholders. We also then have working relationships with NIMEA, the representative group for the processors, and all of the individual processors who fund us. As an organisation, we try to co-ordinate discussions as well and provide information to help support the lobbying efforts of the representative bodies. As an organisation, we are not lobbyists. It is not within our remit to lobby Government, as a public body. However, we can provide information to Government on matters affecting the sector and we can also provide information to support the lobbying efforts of the representative bodies.

Q171 **Lady Hermon:** What is the policy going forward post-Brexit? Brexit is going to happen at the end of March next year—the Prime Minister has said it repeatedly. How are we going to protect the farmers in the less favoured areas in Northern Ireland? What is the policy? Somebody must know.

Conall Donnelly: That question is a matter for the Department.

Q172 **Lady Hermon:** Yes, but what have you said to the Department?

Conall Donnelly: I can tell you what we said and I can tell you what our position is. We are very concerned about what happens after 2022. There is uncertainty there for all the devolved Administrations. There is no visibility at the moment in terms of what budget is going to be made available for agriculture post-2022. I have to say that is unacceptable. We do not know how that is going to be calculated. Is it going to be calculated in terms of a ring-fenced budget? Is it going to be calculated in terms of Barnettisation, which would be extremely disadvantageous for the industry in Northern Ireland?

Q173 **Lady Hermon:** Is this the policy subsidies?

Conall Donnelly: We need to maintain support for the industry. There needs to be a movement towards productivity, so improving best practice on these farms. What we would like to see is maintenance of the same amount of money to the industry, but to use that differently. At the moment, in terms of the direct support that is available, it does not require any improvements in productivity and does not make any demands in terms of outcomes. What we would ideally like to see is an improvement in productivity because that will benefit not just the farms themselves, but the wider environment, the broader industry, food security and the economy.

All of those things will benefit if we improve productivity on Northern Ireland farms and UK farms as a whole. That is something that has to become a bigger part of the policy going forward. That applies as much to the small rural farms in the less favoured areas as it does to the larger farms. There is huge potential to grow productivity in Northern Ireland, as there is in much of the UK industry. UK productivity at an agricultural level is growing at 0.9% per annum. My understanding is that the Netherlands is growing at 3.9% per annum. If there is a greater focus on this, there can be hugely beneficial outcomes for the economy as a whole and Northern Ireland in particular.

Q174 **Lady Hermon:** Post-Brexit you see as a shining opportunity?

Conall Donnelly: I see it as an opportunity to improve the agricultural policy, but it requires a budget. We can have the best policy design in the world, but if it is not adequately funded then the industry is going to lose out.

Q175 **Lady Hermon:** Who are you making representations to in the continued absence of the Northern Ireland Assembly?

Conall Donnelly: We are certainly engaging with the Department of Agriculture in Northern Ireland, DAERA. At a UK level we have met several times with George Eustice, the Minister for Agriculture.

Q176 **Lady Hermon:** Have all of you met with the Minister? Yes, that is good. That is helpful.

Conall Donnelly: It is important from a Northern Ireland perspective that there is a certain level of autonomy to achieve the kinds of outcomes we need to achieve. One of our big issues is that we are on an island; we share a land border with the Republic of Ireland. If we find ourselves going off on a totally different policy direction with reduced support and across the border there are farmers receiving large amounts of support under the CAP, then our suppliers are going to be at a significant disadvantage. That has to be a central part of the policy in Northern Ireland as far as we are concerned.

Q177 **Lady Hermon:** If you have had access to the Minister and made all these representations, has it been detrimental that you have not had an Agriculture Minister in Northern Ireland?

Dr Doherty: Animal health is—and has been—devolved for some time. While BVA is obviously representing the veterinary profession right across the United Kingdom, we are making that voice heard as much as we can in all the devolved regions and centrally through DEFRA. There are real dangers. We talked earlier on about "Health and Harmony" being largely England-centric. It is also quite high level; it is quite strategic. It talks very much about public money for public goods and, to a certain extent, about measuring outcomes.

The BVA position is that we are very much in favour of that, in terms of both health and welfare, leading to improved productivity. That goes right across the whole United Kingdom and is not particularly special to Northern Ireland. It is special to Northern Ireland when we talk about some of the specifics around small farms, the land border, surveillance and so on. In the absence of a Northern Ireland Minister, we miss out on having somebody to—if you excuse the pun—fly our flag in relation to animal health.

There have been occasions in the past when—how do I put this politely?—Northern Ireland has been a little bit overlooked. A recent example within the last couple of years was when DEFRA organised an inward inspection from China. The folks arrived, carried out the inspections and Northern Ireland was left out, which then meant there had to be a follow-up inspection visit and a delay for that. I am sure my colleagues at the other end of the table can provide more detail about that. There was then a delay on being able to shift some of this fifth quarter material to China.

Yes, it probably is right that animal health is devolved to allow for those differences in the different regions. However, it also needs to be joined up with good communication between those devolved areas. For example, we know that there is good communication between CVOs in relation to animal health, but in relation to championing the cause of agriculture plc in Northern Ireland, it is hugely detrimental to not have a Minister and an Agricultural Committee sitting at this time.

Q178 **Lady Hermon:** We do of course have a Secretary of State for Northern Ireland who sits in the Cabinet. When you talk about the lack of joined-up thinking in relation to agriculture in Northern Ireland, we have the Secretary of State from Northern Ireland sitting in the Cabinet and also within the Brexit Committee within the Cabinet. Do you feel that the Secretary of State has heard the voices from agriculture in Northern Ireland in the absence of an Assembly for almost 18 months?

Dr Doherty: I can say from a BVA perspective that we have not met specifically with the Secretary of State for Northern Ireland.

Q179 **Lady Hermon:** Have any of you met with the Secretary of State and been able to make representations? Correct me if I am wrong, but agriculture is the largest industry in Northern Ireland.

Conall Donnelly: We have had some engagement with the Northern Ireland Office generally—a brief meeting.

Q180 **Lady Hermon:** The Secretary of State herself has not sought meetings with representatives of that group? To say this is disappointing is mild.

Conall Donnelly: In fairness, the Secretary of State was at the Balmoral Show when she met some of our members and we did meet her. In terms of a formal engagement, not as yet.

Q181 **Lady Hermon:** At this stage when, as someone else has said, the clock is ticking ever closer to Brexit, would it not be helpful to suggest that as a group you request a meeting, not just with the Northern Ireland officials? They are excellent; I mean no criticism of them at all. I would like to think the Secretary of State for Northern Ireland is batting—and I use that metaphor rather than another one—within the Cabinet for Northern Ireland, particularly for agriculture in the absence, as she knows well, of the Assembly and with no expectation of having it up and running soon.

Dr Doherty, much of what you have said is absolutely fascinating, but one thing that struck me with some force was that we have been promised by the Government from early on in this process that there is going to be a frictionless border—at least as frictionless as possible. You have given us evidence already—I am quoting here—there are some checks that are going to be likely at the border even if there is a deal. Would you like to elaborate on that?

Dr Doherty: There will always be some level of greyscale. At the minute, the European legislation is written in such a way that there is absolutely free movement.

Lady Hermon: Absolutely; it is one of the pillars of the European Union.

Dr Doherty: This is nothing to do with customs arrangements; this is purely to do with the sanitary and phytosanitary arrangements. It may well be that a risk-based proportion of lorries will be stopped at the border to check the—

Q182 **Lady Hermon:** They will be stopped at the border. We are anticipating that and it cannot be avoided?

Dr Doherty: We are anticipating that some level of checks will be required.

Q183 **Lady Hermon:** Even if there is a deal?

Dr Doherty: Even if there is a deal there will probably be some level of checks involved.

Q184 **Lady Hermon:** Those will be veterinary checks and sanitary checks?

Dr Doherty: Yes.

Q185 **Lady Hermon:** Looking for what in particular?

Dr Doherty: Looking at the welfare of the animals during transport and possibly checking records. There needs to be that ongoing communication in relation to disease surveillance. Some of this is going to be part of European legislation, not just UK legislation. It is going to need to be reciprocal from the point of view that we could potentially make a decision, if we wanted to, within the UK and Northern Ireland to freely accept any movements from the south to the north, but our understanding is that, because of the European legislation and the way the sanitary and phytosanitary rules are written, there will be some level of risk-based check. Unless somebody decides somewhere along the line the risk is absolutely zero or negligible and that brings the risk down to next to nothing. If there is some level of risk associated with not having that same free flow of information there will probably need to be some risk-based inspections at the border.

Q186 **Lady Hermon:** Who is going to carry those out? You said in response to the Chairman that we have difficulty at the present time in recruiting and keeping vets in Northern Ireland. How many additional vets are we going to have along the border carrying out these additional checks at the non-frictionless border?

Dr Doherty: This is something that I know for a fact is exercising the Northern Ireland CVO at this time, as to where these people might come from. Certainly the previous UK CVO, Nigel Gibbens, indicated that an estimate had been made that there would be a 325% increase in the veterinary capacity needed for certification. However, it has been suggested for Northern Ireland that it could be significantly higher.

Q187 **Lady Hermon:** "Significantly higher" translates into how many extra vets we are going to require in Northern Ireland?

Dr Doherty: I could not say.

Lady Hermon: You could give us an idea. It is important.

Dr Doherty: There are maybe 150 vets in DAERA at this current time. You could be looking at possibly a couple of hundred more vets required.

Q188 **Lady Hermon:** In a very short period of time?

Dr Doherty: In a very short period of time.

Q189 **Lady Hermon:** Is that possible? Can we achieve that?

Dr Doherty: This is where we currently have some issues in respect of capacity. The ballpark UK numbers at the minute show that there are about 1,800 to 1,900 new registrations to the register of the Royal College of Veterinary Surgeons each year, and about 1,100 new veterinary graduates coming through each year. Take the difference of that, you may be talking 700 to 800 vets, currently largely supplied from the European Union, coming to the UK to work. At the minute it looks like they are free to move. However, we have asked for vets to be returned to the shortage occupation list in order to give us the best possible opportunity of recruiting the best possible vets to register with the Royal College of Veterinary Surgeons so they can practice in the UK. That is both in general practice, in meat hygiene work, in certification work, in Government work as well as industry. We do not want to lose that capacity in the industry either. We are world leaders in terms of things like vaccine development, pharmaceutical development and so on. We do not want to rob Peter to pay Paul.

Lady Hermon: This is a key issue, yes.

Dr Doherty: It is important that we maintain that capacity right throughout. BVA is currently involved with DEFRA and the Royal College of Veterinary Surgeons in a veterinary capacity and capability project, which is looking at that whole question of veterinary capacity in the UK. Certainly at the minute Northern Ireland is a region in the UK that does not have a veterinary school, so we are not producing our own vets at this point in time.

Mr Campbell: Not yet.

Dr Doherty: Not yet. If a new veterinary school was opened—

Q190 **Lady Hermon:** If we had an Assembly to make a decision about that.

Dr Doherty: If we had an Assembly to make a decision about that, there is still going to be a seven or eight-year delay before those graduates are coming right through. A reasonable proportion of Northern Irish vets are trained in UCD as well as in the UK schools. Some are looking to overseas schools in Europe in order to get their veterinary training, but we need to have some way to attract them back to Northern Ireland. There is no shortage of jobs, as I said, but at this point in time it is all going to be about certification and TB testing. There needs to be variety and there needs to be a career plan for those vets who are coming back as well.

Dr Johnston: The other aspect that needs to be remembered in this broad area of vet availability is that vets play a key role in our traceability system, especially when it comes to the signing of animal health export certificates, which can only be done by a veterinary surgeon. That is where all the traceability comes together, in that animal health export certificate. Vets are absolutely critical in this. If we do not have the supply of vets to be able to do that, our whole traceability system potentially starts to lose its effectiveness. Certainly we see it when we bring buyers into Northern Ireland from export markets. We start to talk to them about the inspections and audits that happen on farm and in processing and how that all comes together in the animal health export certificate, you can see the lights going on and it makes a difference. We have a traceability system that has been in place now since the late 1980s. It is one of the longest in operation in the world. It is one of the best in the world. We do not want to do anything that will in any way interfere with that traceability.

Q191 **Lady Hermon:** Do you think it is in jeopardy at the moment because of the crisis with vets?

Dr Johnston: If you do not have the vet to be able to come there and sign that animal health export certificate, you cannot export.

Dr Doherty: DEFRA has been making some noises and is certainly looking at the possibility that it would use non-veterinarians to sign off health certificates. Ultimately, in terms of our export markets, we have already discussed how important that is for both dairy and red meat to Northern Ireland in particular. If the third countries we are exporting to require a veterinary surgeon to sign a veterinary certificate and give that guarantee of traceability, that is what they require. We perceive a danger in the possibility that that important role might be eroded in some way.

Q192 **Lady Hermon:** That is very serious.

Ian Stevenson: That is the day-to-day practical aspects of it, but in terms of gaining access to new markets there is a huge piece of work that has been running in terms of a partnership between the UK Government and industry for a number of years now called the UK export certification partnership. That is about trying to open up new third-country markets for red meat and pork. A key element of that is veterinary engagement. There is a strategic role in trying to negotiate new veterinary certificates, which involves veterinary input. We sometimes look with envy across the border to the Republic of Ireland at the amount of resources being put in to try to open up new markets. They have gained ground on us in terms of access to China, Japan and the USA. We do not have that access from a Northern Ireland red meat perspective. That strategic engagement by vets is also vitally important. You would not want to see vets being taken away from that strategic development work to provide frontline work, and therefore pressure is coming from various directions.

Q193 **Lady Hermon:** That is very concerning. We have not taken that evidence before and it is very helpful.

Dr Doherty: To give you some perspective, Lady Hermon, I currently am the only veterinary surgeon providing consultancy to the UK Government Department for International Trade. Even at that, my portfolio is largely focused on agricultural technology, not the products themselves. The food and drink team are working now. There will be a level of engagement from vets within DEFRA into some of that trade policy, but within DIT there is not that capacity.

Lady Hermon: That is deeply concerning.

Q194 **Chair:** In every other area you can possibly think of, very highly-paid professionals are being challenged by other allied professions. That does not seem to be, from what you are saying, the case as far as veterinarians are concerned, particularly taking on work from official veterinarians. I find that very strange. Surely a lot of the routine work that is done by official veterinarians can be done by veterinary nurses.

Dr Doherty: Veterinary nurses have a different type of training.

Q195 **Chair:** With respect, that is the excuse given right across healthcare, for example, as a way of preventing people entering those sorts of jobs.

Dr Doherty: We are very much looking at the role of veterinary nurses in primary practice. BVA has a strategic alliance with the British Veterinary Nursing Association and we use that as a base to have that ongoing discussion about increasing the role of veterinary nurses in general practice.

At this point in time veterinary nurses do not play a role in certification. In the past I have done some work in aquaculture. This is not specific to Northern Ireland, but some of the export certification—for example, of Atlantic salmon from Scotland—is done by environmental health officers. However, the environmental health officers are telling us that they are at capacity and cannot take on any more certification anyway.

Q196 **Chair:** I understand that. Time is brief, so if you will forgive me, I suppose my chief question would be this: is the failure to use professions allied to the veterinary profession—either nurses, or you introduced the idea of environmental health officers—because they would not be suitable to do the work, or is it simply because international regulation requires the stamp of a vet?

Dr Doherty: A little bit of both. It is that broader understanding of—as Mike alluded to—the whole traceability, literally from farm to fork. That is an area where we feel vets have a key role to play. I will very briefly give you one example. Does a batch of milk powder need to be released and certified by a vet? Possibly not. They do not need to necessarily go out and check all the batches of milk powder. However, where there is an auditable ISO 17025 accredited process, where results are being pooled together on the protein and fat levels and safety of that product, the veterinary surgeon is then in a position to make that judgment call on an international export certificate based on the information that is provided to them. We feel that the buck stops there with the suitably qualified professional and that is what is required by the markets we are exporting to.

Conall Donnelly: It really boils down to what the country you are trading with wants.

Dr Doherty: That is the point I was trying to make, yes.

Conall Donnelly: One of the things that comes up regularly is that, first, they want a veterinary professional and, secondly, a public vet who is not in any way compromised by a commercial link to the business. The independence and integrity of that service is essential and is one we would support very strongly in the red meat industry. It is essential if we are going to go and trade with countries such as China and Japan, because they have extremely high standards and these agreements tend to be negotiated between CVOs.

Dr Johnston: You may not be aware, but there is a project ongoing at the moment within DAERA looking at this very issue, to tease out the roles that vets have to see if they can be done by someone else and free up vets.

Chair: I am relieved to hear that. I hope that work is being done in short order, because obviously time is pressing.

Q197 **Mr Campbell:** To finish off the veterinary issue, you will be aware of moves that are afoot at the moment, as I understand it, by the University of Ulster to provide a veterinary school at the Coleraine campus. Would that help in the longer term? I appreciate what you said about the number of years needed to produce fully qualified vets. However, in the longer term how would you see that as helping the issue you have outlined in answer to Lady Hermon?

Dr Doherty: At this point in time we are in the process of establishing a new working group within BVA looking at the broader aspects of veterinary education and provision of new vets into the supply chain and the career progression of vets coming through. The most recent school to have an addition is Surrey. Students are now in their final year and they are awaiting Royal College of Veterinary Surgeons accreditation before the first cohort of students will be able to graduate from there. The University of Ulster has certainly indicated that it is looking at the proposal. In addition, Harper Adams and Keele University are looking at a joint venture possibility of establishing a veterinary school there. Aberystwyth is also looking at some kind of partnership arrangement with the Royal Veterinary College. All of these schools are going to help probably in the longer term with capacity.

We are a small profession. One of the concerns we would have at the minute with either increasing student numbers within an existing school or, indeed, opening a new veterinary school is that we would potentially have a shortage of suitably qualified staff, clinical teachers, to move around between those schools. We do not have the same capacity as we would have within the medical profession to pinch a few people from other places. That would certainly be one issue.

In terms of the caseload and so on within Northern Ireland, there is clearly experience there and it would be about how that would shape up between the University of Ulster and other partner organisations. We are aware that Ulster has been looking at this. I have had good contact with Ulster over the last number of years while they have been considering this, and certainly we await any further decisions on that. However, again it is another one where, lacking an Assembly, it is possibly going to be difficult to get a decision made on funding and to push it along.

Q198 **Mr Campbell:** I appreciate that it is not at an advanced stage yet, but is the principle behind the school something you support?

Dr Doherty: The principle of increasing capacity and capability is certainly something we are looking at, alongside the Royal College of Veterinary Surgeons and DEFRA. Ultimately it is about that capacity and capability and maintaining the high standards that we have in the UK, making sure that any new veterinary school is going to meet the standards of the Royal College of Veterinary Surgeons in order that their graduates can practice veterinary medicine and surgery through membership of the Royal College of Veterinary Surgeons.

In addition, we are looking very carefully at the whole issue of multiple recognition of professional qualifications of other vets who are coming into the UK, and ultimately at licensing or endorsement of any of the veterinary schools through the European Association of the Establishments of Veterinary Education—EAEVE—for any vets who are coming in from the EU. Certainly in principle anything we can do to sustainably increase the capacity and capability of our vets is something we want to continue.

Q199 **Mr Campbell:** I have a wider question on the whole issue of the island of Ireland. You will be very well aware, as we all are, of this concept of a possible hard border should discussions flounder or not succeed. I would like to hear your views, given since the start of the discussions all the Governments and Assemblies involved have all been of a single mind—Brussels, London, Dublin and Belfast, when it was operational—and said they did not want a hard border. Not only did they not support it, but no one has said that they would implement it. Despite all the relevant people saying, "We are not going to put a hard border there," let us just assume that somebody somewhere decided that there was no alternative but to have one. That is the border that groups, companies and individuals would have to traverse for business purposes. Assuming there were—I know this is hypothetical, but we have to look at these things—main road installations of some sort at or near the border, which everybody says is not going to happen, how practical would it be to circumvent that if they were at six or ten main roads, given that there are 300 crossing points in Northern Ireland? Forget the legalities of that. For the benefit of the rest of the Committee—I live near the border, so I have a fair assessment of it—in a practical sense, how difficult or easy would it be to circumvent any mythical hard border?

Dr Johnston: I have outlined to you the process that we use, and companies constantly review the routing of the tankers depending on the time of year and the volume of milk production. At this time of the year a tanker maybe needs to visit only three, four or five farms and it is full. In the wintertime it would be more farms, and therefore the route of getting that milk as quickly to the processing as possible is always under review. If there were only a small number of designated crossing points, you can start to see the implications that would have for our industry and the cost that would be added in the added mileage that they would have to undertake.

You said to leave aside the smuggling. I would have thought that is the biggest threat of the sort of outline that you have provided. From our point of view, that is a big threat to the integrity. We have talked about traceability and we place a high level of importance on the integrity and the traceability of the system that we have. If there is the opportunity, as we all know, for items to move across the border for financial gain, it will happen. That has to be a major threat to the agri-food industry as a whole.

Q200 **Mr Campbell:** Are you saying that is what happens in your practical experience of life in Northern Ireland and the Republic?

Dr Johnston: I think if you go back over the years, yes.

Conall Donnelly: It happens now on cigarettes, alcohol and fuel. If a divergence arises, be it on customs or be it on regulations, so either the rules of the single market or the customs union, it will ultimately at some stage create an opportunity for products to move across the border. Where there is a difference at the minute is fuel, tobacco and alcohol. It widens out the opportunities beyond that for people that want to get involved in smuggling.

In terms of maintaining integrity, not just of the food industry, but the integrity of Northern Ireland, we operate in terms of trading region. We are very heavily depend on exports. Integrity is very important to us when we go out and seek third-country agreements in terms of reputation, not just in Europe, but in the UK as well. It is essential that we can point to our integrity. I think that is where avoiding this type of scenario is important.

How do we avoid it? We avoid it by ensuring that there are not the opportunities and that there is not the divergence. Our members' view in this whole area is that a relationship with a customs union, another customs union or our customs union, and alignment in terms of the rules of the single market, will resolve a lot of these issues. We would like to see that at a UK level, not just a Northern Ireland level, as is envisaged in the backstop. We would like to see that done across the UK, because it removes the needs for any border, whether north, south, east or west. I think that is the key.

Q201 **Chair:** We just need checks, in any event. Under such a situation, that is close regulatory and tariff alignment, would it not be the case that checks on the border will simply be perverse? I do not necessarily disagree with the idea that there will be checks, because that is what the European Union does and that is part of the problem. But those checks would have no point other than making a geographical or geopolitical point. Would that not be the case, because you would not be checking for anything?

Can I ask perhaps what you make of the Prime Minister's remarks in her Mansion House speech in which she said that standards in the UK will be at least as good as those that apply to the European Union, and why it is that we are not thinking more of equality of outcome rather than those of process? In other words, would mutual recognition of regulations not be the correct way forward?

Dr Johnston: Yes. There are a couple of issues in there. It is how you achieve that alignment. If you take the principle that there would be a divergence upwards—any divergence—whatever model for Northern Ireland is eventually agreed will cause problems because all of the sectors do business into Great Britain, and we all do business with Ireland and with the EU. Therefore any divergence is going to up cost and therefore start to adversely affect potentially the competitiveness of our products. That divergence is not just within the United Kingdom, but on the island of Ireland.

Northern Ireland companies will always be in the position of having to diverge to the highest common denominator, and therefore that is going to affect the competiveness. One of the challenges is that whatever model is put in place for Northern Ireland must address this, because this has the potential to do damage commercially to Northern Ireland companies. You can deal with the SPS and you can deal with the customs issues of divergence, but when it comes down to the commercial issues of dealing with that divergence, it is a real challenge.

Consideration needs to be given to some sort of safety net measures that will allow the Northern Ireland companies still to compete, whether that is in the GB market or in the Ireland or EU market in the light of decisions that are taken to diverge. That could very well be that the EU would decide to diverge from where it is now and the UK said, "No, we are staying here," or it could be the other way around. Divergence can come from the UK or it can come from the EU. Either way Northern Ireland companies are going to be caught piggy in the middle. We need some sort of safety net measure mechanism for allowing commercial companies to be able to deal with that.

Q202 **Mr Campbell:** I have just one last question, Chairman, on this issue of whatever happens with the border. We have heard—and I am sure you have read—of other companies who are based either in Northern Ireland or in the Republic that have premises on the other side, which most people would regard as a fairly sensible approach in terms of what may or may not happen in future. Given that that has happened to some degree, how difficult do you think it would be in 12 months to two years' time for anybody who was going to keep coming back to this? Nobody seems to want this hard border, but everybody seems to think it might come about. Everybody who is relevant says, "We are not going to implement one," but if it did come about, how difficult would it be to police it if you had, first, the hundreds of crossing points that are manned and, secondly, people who had a presence on either side of the border and hundreds of ways to get from A to B? How difficult would that be to police by whoever decided we are going to have to have some form of installation or structure?

Dr Johnston: The chief constable recently said that sales of some of the premises in the border areas are now on hold. I think that is a good indication of their reading of the difficulty that there would be in trying to plug up the sieve, given the number of border crossing points. We know from past experience that farms that straddle the border can be used for smuggling, so it becomes an absolutely horrendous task for somebody to try to police that. That then has big implications for the integrity of this traceability system, but it has big implications for customs revenue as well, if you started to get a mushrooming of this sort of trade moving illegally across the border. It would be very different. If we even go back to the distant past, whenever there was a lot more military activity around the border, it still happened. It becomes very difficult to police and to stop that.

Conall Donnelly: What it boils down to is the motivation to smuggle things across the border or to move things across the border. That arises and becomes an issue the greater the level of divergence, and then becomes a requirement on one side of the border or another to protect each side from that kind of smuggling or illicit activity. What it all boils down to at the end of the day is this: if we can maintain alignment around customs and around the rules of the single market, that reduces the motivation to do that.

As Mike says, there are implications for customs revenue, implications in the Republic of Ireland for what the EU talks about, the integrity of the single market, implications in Northern Ireland and the UK for the integrity of the UK market. Once the opportunities arise, it becomes a major issue and that is the point where it becomes critical to man those crossing points. That is the higher level point in all this: that the greater the level of divergence, the greater it is going to stress that border and also put stress on the businesses that are operating legally on both sides. That is the reason why our members are very clear that a customs union alignment with the rules of the single market removes and simplifies this whole debate, it removes a lot of the difficulties around divergence that arise.

Q203 **Ian Paisley:** Thank you, gentlemen. I think if I was a primary producer in Northern Ireland listening to most of this, I would be depressed. I was going to give you an opportunity to talk up the industry. Mike, where are the growth opportunities for milk production outside of the EU?

Dr Johnston: Outside of the EU? Sorry, you mean in terms of where we export to?

Ian Paisley: You control 85% of milk produced in the UK. A lot of that sale will be internal in the UK. There are opportunities for us to up our production if other markets are open to us. You have told me in past briefings that Russia would be an example. Where are the other markets?

Dr Johnston: At the moment the Northern Ireland dairy companies are focused on some African countries, the middle east and south-east Asia. We have companies that are doing increased business in China, Indonesia, Thailand and Vietnam. There are a range of south-east Asian countries there, as well as into Saudi and the UAE. At the moment, Northern Ireland dairy companies are comfortable with the countries to which they have access and we are seeing growth in our exports to those countries. It is a case now of having the security of supply.

Q204 **Ian Paisley:** I am sorry to push you on this, but we are running out of time. If those other markets were not open to us, the markets that you have identified—I think you mentioned about seven or eight—would that have a knock-on effect on increased production with our prime producers?

Dr Johnston: Those markets are open to us. We are trading into those markets and our sales into those markets are increasing year on year.

Q205 **Ian Paisley:** What is the percentage?

Dr Johnston: It obviously varies from market to market. For example, they are saying that there is big potential in Vietnam and Thailand. There may be increased opportunities in China now as a consequence of the actions of President Trump and the trade war that he seems to be triggering. There could be opportunities for increases there. I know of one company in Northern Ireland where at the moment they are selling cream into one of these countries and they are struggling to get enough milk locally to do it.

Q206 **Ian Paisley:** This is all very good for our primary producers going forward. A while ago we had what can only be described as a milk war with the Republic of Ireland, our nearest and dearest neighbour. We are always glowing in this wonderful feel of Europe, but our nearest and dearest neighbours were ultimately smashing up Northern Ireland milk. How is that going?

Dr Johnston: I think that was a very unfortunate action on the part of the organisation in the Republic of Ireland. Now there may be constraints on access for product into the Republic of Ireland into the United Kingdom. It is strange the way some things can perhaps come full circle. It seems to have died down now. Although it did have some impact at the time, the impact seems to have levelled off now and it perhaps is not the same level of concern that we would have had. I think that the emphasis that was put behind that particular campaign now has moved, but it was just an unfortunate and ill-thought out thing to do at the time.

Q207 **Ian Paisley:** Yes, it was terrible. Ian, we have talked a lot about uncertainty. If we were not discussing Brexit and we were having a Committee discussion with the farming community—in my experience over the last 20 to 25 years, there has always been one word, the one golden thread that has run through agricultural policy has been "certainty"—we would be discussing the common agricultural policy, potential changes and changes about the sanctioned nations coming in and the impact that would have on our ability to spend the EU money or the British money that goes into the EU on farming. Do you agree that most of the issues that have been identified this morning, whether it is labour-related issues in the industry or issues to do with what the farm subsidy policy will look like, would have been on the agenda anyway and we would have to have dealt with a lot of uncertainties in those areas?

Ian Stevenson: Yes, certainly farmers operate in a constantly uncertain environment. We have just come out of probably one of the worst periods of weather affecting the farming industry. Certainly we have had a very long winter—thankfully we are into a decent spell of weather just now. Certainly farmers always take a great interest in discussing the reform of the CAP and how the roll-out of that is going to impact on their business. It is interesting when you talk to our farming stockholders, the trade issues are very much to the forefront of their mind, as well as the agricultural support.

Look at the sheep sector in particular, where they are very much dependent on the live export trade across the border as well. There are about 400,000 sheep coming across the border each year for slaughter in the Republic of Ireland. Our sheep industry very much depends on exports in terms of the sheep slaughter within Northern Ireland, but also those across the border. That is a big issue in terms of what the future viability of the sheep industry is going to look like in terms of market access and support to that sector.

We are talking to beef farmers at the moment. You could say they are in a bit of a sweet spot in terms of currencies helping them, in that prices are reasonably good and we are getting a better share of the GB market on the back of that. We are getting our carcass balance exported because currency is helping us there on our single farm payments, a benefit as a result of the currency devaluation. Those things are all positive at the minute. They could all very much change.

One of the things I am certainly hearing, particularly from our banking colleagues, when you talk to the bank advisers in Northern Ireland, is that there is uncertainty about the future. The one sector that is probably not investing at the minute—it is just sitting and maintaining a status quo—is the beef and lamb sector. There are a lot of beef and lamb farmers that are not putting in significant investments now.

Q208 **Ian Paisley:** Whereas if you look at pig production, it would probably be the complete opposite, with massive injections of cash in that area.

Ian Stevenson: For pigs, poultry and dairy, certainly those sectors are intending to move on and develop their businesses. My concern is that from a beef and sheep perspective there is a lot of uncertainty there, as a sector that very much has traditionally been heavily dependent on direct support coming from Europe.

Q209 **Ian Paisley:** Would it be fair to say that most farmers voted for Brexit? Would that be your impression?

Ian Stevenson: I do not have the particular breakdown. I certainly heard both sides of the debate from the farming industry. In engaging with them, there were those who maybe saw it as a potential to have a bonfire of regulation—I think I have heard that term in the past. As an organisation that promotes the industry, I often said to farmers, "We promote the industry based on our standards and based on our integrity. We want to create a preference in the marketplace".

Q210 **Ian Paisley:** That is a selling point. I think our traceability scheme is better than any other in Europe. We have designed it. We made it. Why would we throw that in the bin?

Ian Stevenson: Exactly. Certainly for the Northern Ireland red meat sector we know what is good about our own industry, but we sometimes are not good at telling the world how good we are. We have a traceability system and we are probably one of the longest running farm assurance schemes in the world, which we run on behalf of the industry. We have a food fortress initiative in Northern Ireland that is perhaps the envy of the world. We have some very good systems. If we want to continue to be a trading nation, as a red meat industry we will need 9% of our beef and lamb in the home market. We are a small country, so we will have to move most of our product to GB and elsewhere. We certainly want to maintain that access.

Q211 **Ian Paisley:** Our internal GB market is the most important in the sector.

Conall, I think most of your members voted for Brexit, but I am talking about your primary producers as your members who are giving you the product. In terms of farm subsidy policy, are they reassured that nothing is going to change until after 2022 and that during 2019 to 2022 it is going to be the EU that is going to be reviewing its CAP and the uncertainty is going to shift? It just sounds like it is going to shift towards the EU being uncertain about where their farm support policy is, whereas we are clear that ours is remaining unchanged until 2022, and post-2022 we will have a farm subsidy policy that will be shaped into the needs of the UK.

Conall Donnelly: Yes. I may pick you up on one point. Our members are the processing businesses in Northern Ireland. It is the farmers that supply them.

Ian Paisley: Yes, that is who I am talking about, the suppliers; the primary producers, the kings of the industry, in my view.

Conall Donnelly: Absolutely. We can do nothing without them. I suppose, yes, there is uncertainty in Europe as well. There is uncertainty around agricultural policy in Europe and I think one of the things coming out of the next round of CAP will be a greater level of autonomy as well for countries to do what they need to do. One of the opportunities we would say is to develop an agricultural policy that suits the needs of the UK and, in particular, one that suits the needs of Northern Ireland. We welcome the fact that there is more autonomy on offer for Northern Ireland to do what it needs to do, having been reassured by George Eustice that if we need a level playing field with the Republic of Ireland, that is possible. That is really important.

The one thing that does concern me about the agricultural policy, as it has been developed in the UK, is that there has not been a real focus in "Health and Harmony" on production. In terms of uncertainty, it is very hard to see what the food strategy is around UK's agricultural policy going forward. We know we are getting a very clear vision in terms of this green agricultural Bill and outcomes on public goods. We are not getting a great deal of certainty on what Whitehall really wants for the food sector.

There is one public good that has been totally and utterly ignored now, and that is absolute security at a UK level. It is an important part of national security. Food security, as far as I can see, was not mentioned really in "Health and Harmony". That is about a whole lot of things. It is about maintaining the capacity of land to produce, land use and ensuring that while we might have abundant food supplies now, what are they going to be like down the line? It is ensuring that we do not see a repeat of what happened in 2008, when food prices rose very sharply, up 10% in 2007 and 2008, and left a lot of people in food poverty.

It is about geopolitical risks. What is our strategy there? When we see countries such as China taking very definite steps to secure their food for the future, what is our future in terms of food security? I think the quote from "Health and Harmony" was that we would be a trading nation, we are going to try to improve our innovation, but we are going to reduce prices for consumers. We very much support good value for money for producers and reduced prices for consumers, but we have to be very careful.

Q212 **Ian Paisley:** I find it very hard to see how a quality product could be sold cheaper, and our marketplace is high quality. Ultimately I think that is a political message. That is something where we have to educate the consumer that if you want to eat 10 burgers for £1 you are eating rubbish. If you want to spend more money on quality meat for a burger, you are going to spend more money and it is going to be a quality product that you can rely on. It is secure and you know its traceability.

Conall Donnelly: Quality food has to be affordable as well. We have to be very careful in what we do in agricultural policy going forward, because the point is that we are envisaging very high animal welfare, which we would support, and very high levels of environmental protection, which we would support, but at the same time we have this other message about becoming a global trading nation and having cheaper food for the consumer. If we find ourselves in a situation in which we are reducing tariffs and bringing in food—and we are concerned with meat—bringing in products that are not produced to the same standards as here, but we are expecting our producers and our factories to operate to standards that are much higher, it will do serious damage to the industry. That is something we see a huge risk around.

Q213 **Ian Paisley:** I think it is a threat, but it is a conversation that is currently taking place. I see it as a threat, but maybe not a realistic threat. We have heard the arguments with the chlorinated chicken and all the rest of it. All our lettuce leaves in the United Kingdom are chlorinated. They are dipped; they are cleaned. There are ways around it. There are ways to address this. You are absolutely right; it is important that the Government are clear on what they want to trade. Do they want to trade into quality markets or cheaper markets?

I have one final question. Simon, there are differentials and differences in disease. I am always amazed that we have a very, very hard border when it comes to TB in Ireland. Our badgers are riddled with TB in south Armagh, but badgers south of south Armagh are all free of it. The disease does not penetrate the south of Ireland. It is fantastic. Why are the vets in the south of Ireland brilliant at eradicating TB, but in Northern Ireland you just walk into the next field and your badgers are riddled with TB?

Chair: I think that is largely a rhetorical point, so if we could have a very brief answer.

Dr Doherty: Ian, historically there have been a range of animal health issues that have traversed the border. You could go back to Aujeszky's disease in pigs, or you could go back to Brucellosis in cattle.

Ian Paisley: Simon, is there TB in the badgers in the south of Ireland?

Dr Doherty: There is TB in cattle and badgers on both sides of the border. What is frustrating at the minute is again where you have a joined-up approach to disease surveillance, investigation and moves towards control and ultimately eradication—if that is joined up between industry, Government and professional people on both sides of the border, you will make progress.

Chair: I think the point has been made. I am sorry to interrupt, but we have Northern Ireland questions very soon in the Chamber. I do want to bring in Robert Goodwill briefly.

Q214 **Mr Goodwill:** Yes. I have just one question on a particular aspect of the meat trade that is probably not economically very important, but is important from an animal welfare point of view: the trade in horsemeat. If there is no route for horses at the end of their lives, there are going to be major animal welfare problems. We have had traceability problems in the past in 2013 with the cheap burgers that contained ingredients that were not on the label, and indeed we have the passporting system now so you can use drugs such as phenylbutazone, which is not possible to use in normal food chain animals. Will that be the most difficult aspect of integrated trade post-Brexit?

Dr Doherty: Yes. It is interesting that you bring that up. Obviously this particular evidence session is largely focused on agriculture, and I was just briefly at the end going to say let us not forget companion animals and horses that will also require some level of movements across the border, particularly for people who are taking their dog for the weekend to Donegal. Horses under European legislation are largely classed as a food-producing animal, and that is part of the reason that we have this system where the passport system allows for that recording of where phenylbutazone has been given to horses. It is a very widely used anti-inflammatory drug and it is very effective, but it cannot enter the food chain.

The pressures will remain the same there. I cannot see that necessarily being hugely different. We are very fortunate obviously that within Northern Ireland we have the expert on the horsemeat scandal. Professor Chris Elliott is based at Queen's University in Belfast and has been able to provide quite a bit of evidence around that.

Q215 **Mr Goodwill:** Do we slaughter horses in the north or do they have to be exported to the south?

Dr Doherty: As far as I know, there are no horses slaughtered in Northern Ireland. They used to be.

Q216 **Mr Goodwill:** Without some sort of agreement to export them to the south for slaughter we could end up with horses stranded in the north with no route?

Dr Doherty: Or they could move to GB.

Q217 **Mr Goodwill:** Then the same problem would occur, because the main market for horsemeat is on the continent; there are not many markets around the world.

Dr Doherty: That is right, yes.

Q218 **Lady Hermon:** What happens to the dog that is taken on the weekend to Donegal? There has to be an answer. You threw that into the mix.

Dr Doherty: Yes, I threw it into the mix. At the minute, again it is—

Ian Paisley: Be serious, come on. It makes the point ridiculous.

Dr Doherty: No, it is not. It does not make the point ridiculous, because once the cat or dog is in the Republic of Ireland, how does it then move to mainland Europe? At the minute the pet travel scheme covers movement within the European Union, and one of the areas we have championed that the UK could potentially strengthen—

Q219 **Ian Paisley:** You are talking about somebody bringing their cat to Donegal for the weekend, but then going on a ferry from Dublin to take it to mainland Europe. Is that what you are talking about? How many people are doing that?

Chair: I think we are diverging and we are very short of time.

Dr Doherty: It is still movement of animals.

Chair: All we can hope for is a degree of common sense and pragmatism after we leave the European Union. Can I say thank you very much indeed to all the witnesses for all their time today? It has been fascinating. I would like to say to the young people from Lady Hermon's constituency that you have been very welcome today and very patient. I suspect you are about to see, if you witness the events in the Chamber of the House of Commons, something rather different from the thoughtful deliberations that I hope you have seen here in the Committee. Thank you very much indeed.