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European Scrutiny Committee

Oral evidence: [EU Withdrawal](#), HC 763

Wednesday 18 July 2018

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Members present: Sir William Cash (Chair); Geraint Davies; Martyn Day; Richard Drax; Kate Green; Kelvin Hopkins; Stephen Kinnock; Andrew Lewer; Michael Tomlinson; Dr Philippa Whitford.

Questions 673-735

Witness

I: Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs.

Examination of witness

Witness: Michael Gove MP.

Q673 **Chair:** Welcome, Secretary of State. Following the votes last night, I hope you had a good night's rest.

The first question is on fisheries during the implementation period. The Prime Minister has agreed in principle a post-Brexit implementation period lasting to 31 December 2020 and extending to fisheries.

How would you categorise the likely relationship between UK fisheries management and the common fisheries policy between 30 March 2019 and 31 December 2020, bearing in mind that the UK will be moving from a position where it has a formal role in EU decisions on fisheries policy to one where it will be merely invited to meetings and consulted on occasions? Is that satisfactory to you? Would you like to comment on my first point as well?

Michael Gove: Yes, of course, Sir Bill. First of all, thank you very much for the invitation to appear in front of your Committee. As you know, I served on this Committee—it was one of my first responsibilities and pleasures in this House to be on this Committee when I was a new arrival in 2005, so it is good to be back.

On fisheries, we are discussing an area, curiously enough, where power flows back to Britain even before the transition period—should it be delivered—ends. When we agreed the transition period in principle with the European Union in March of this year, the European Union agreed that Britain would prepare for life outside the European Union from 1 January 2021 by being represented at the December Fisheries Council in 2020 as though it were already an independent coastal state. In crude terms, we will be represented fully, because we will still be a member of the European Union, in the December Council at the end of this year. Then there will be one year during the transition period when we will sit alongside others and will, of course, be obeying the rules of the common fisheries policy—but even the most optimistic of those who had envisaged life outside the European Union had acknowledged that after having left in March 2019, there would a period during which the rules of the CFP will apply.

Those rules will apply for, in effect, another 12 months. Then we will be preparing, as I say, for that December Council as an independent coastal state. Then, from 1 January 2021, we will be operating as a fully independent coastal state.

Whatever criticisms or observations any of us might make about the EU, this seems to me to be a mature way of ensuring that, from 1 January 2021, Britain as an independent coastal state and the EU27 as an ongoing entity can operate effectively management of our shared resources, by



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recognising that Britain will control the waters up to 200 miles out—the exclusive economic zone.

Q674 **Chair:** But we will be negotiating with other people about that area within the independent coastal state jurisdiction. For the sake of people watching this programme—I think a lot of people will be—what would be the precise area, for the sake of the record? The mileage, although some people would talk in kilometres, I suppose.

Michael Gove: For the sake of the record, our exclusive economic zone as an independent coastal state is 200 miles—200 nautical miles, I should stress—out from the UK coastline or the median line between ourselves and another independent state.

Q675 **Chair:** In the context of Rockall and all that sort of thing, that takes you into a much wider area.

Michael Gove: Absolutely.

Q676 **Chair:** Some people think it is 200 miles from, shall we say, Whitby, or somewhere like that. It doesn't quite work like that, does it?

Michael Gove: No, no, no. Exactly.

Chair: I think it is very important to get that clear.

Michael Gove: Exactly. You are absolutely right; because of the position of Rockall, there is a sort of spur that extends into the Atlantic.

Chair: Yes, I dealt with that on the North sea oil Bill back in 1975.

Q677 **Richard Drax:** Good morning, Secretary of State. Once the implementation period is over, the United Kingdom will be an independent coastal state.

Michael Gove: Yes.

Q678 **Richard Drax:** "Hoorah!" say I, and all our fishermen in this country.

You published a fisheries White Paper, which was ambiguous on the nature of the relationship that you seek with the EU regarding fisheries and the co-management of around 100 shared stocks. How do you see the system working when we have left the implementation period?

Michael Gove: I hope there was no ambiguity, but I also hope that there was room for people to offer their own views about how we should operate as an independent coastal state, because the White Paper is intended to be a consultation, but a consultation, I hope, with a clear sense of direction. My view is that the best analogy is with other independent coastal states, whether that is Iceland or Norway, which manage their own fisheries in a way that ensures that this natural resource is managed in a sustainable way, and in a way that allows the nation that owns that natural resource to allocate access to it.

In general terms, we will be able to say to the EU27—and, for that matter, to Norway and to others—that they can have access to our waters, but on



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terms that we decide. One of the points that we make in the White Paper is that fishing opportunities have been fixed according to a formula that was set in the 1970s—a formula called “relative stability”, which reflected broadly the fishing opportunities that existed at that time. Things have changed since then, as we all know. Some stocks have declined; others, after a period of decline, are in a state of recovery. Climate change has meant that fish are in different parts of the sea.

We think that a simple principle called zonal attachment is a more sensible way of looking at how quota should be allocated. We also believe that the additional quota that we believe Britain will have as a result of taking back control over those waters should be allocated first to our own fleet. The estimate made by the Scottish Government and others is that were we to do so we would see a significant uplift, both in terms of jobs and money generated for the economy.

Q679 Richard Drax: Can you give any percentage on the uplift? How much more fishing will my fishermen and your fishermen actually get back?

Michael Gove: More, to begin with. Of course, the question of how much more over time is a matter for negotiation, but it will be for us as a sovereign state to decide. Bertie Armstrong, who is the chief executive of the Scottish Fishermen’s Federation, was interviewed about this matter when the White Paper was published. He himself said that we should not at this stage show our hand. We know that we are in control of those waters, but we should not state at this point what the exact percentage of additional uplift would be. That would be to show our hand at the beginning of the negotiation, which no poker or bridge player should seek to do.

Q680 Richard Drax: Can you assure our fishermen that they will not be sold out for some other deal behind backroom doors, and they will have the lion’s share? The whole point of leaving the EU is so we can take back control of our waters.

Michael Gove: It is well understood across the Government and the country how important it is. My friend and our colleague Ruth Davidson, who argued very strongly to remain, has made the point that even the most remainy remainer and the most Brexit Brexiters unite around one thing, which is that Brexit must mean that we take back control of our waters and, with that, that we revive our coastal communities.

The White Paper, which is a cross-Government document, made it clear that we will have a separate negotiation over allocation of fishing opportunities—a separate negotiation over other countries having access to our waters. We will do that every year, and that will be entirely separate from the negotiations that the Government will undertake with the EU about our future partnership and trade.

Q681 Richard Drax: May I ask you one more question? Time is short and other colleagues want to ask many more questions. Where do we go with the landing and processing of fish? I understand that one of the points under discussion is that all fish must be landed in the UK and processed in the



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UK. I know Russian trawlers are doing all that on the klondyke, or whatever they are called. Is that right?

Michael Gove: There is a principle called the economic link, which means that if a boat or vessel is to be considered British, there are certain obligations that flow from that. We will look to make sure that that economic link is defined in a way that means that the maximum number of fish are landed, and the maximum economic benefit comes to the United Kingdom.

Q682 **Kelvin Hopkins:** I have a quick question for the Secretary of State. Representatives of the British fishing industry have made proposals for a specific scheme for rallying British fishing after Brexit that seems to be very sensible. It would rebuild fishing stocks and the fishing industry. It would avoid any black fish and any discards. It is a very specific, intelligent scheme. Have you seen that scheme, and would you give it serious consideration?

Michael Gove: Yes, absolutely. I think the proposal that you are alluding to is a proposal whereby we have a days-at-sea or effort-based control. With our fishing we propose to pilot exactly such an approach, particularly with our inshore fishing fleet. I think it is fair to say that while the fishing industry is united—as one—in believing that leaving the European Union provides a significant number of opportunities, within that community there is a range of opinion about the best way to manage them, sometimes reflecting the stocks that are fished, the location of the vessels or the economic investments that people have made.

We want to make sure that every aspect of the fishing industry benefits. In particular, I think it is fair to say that inshore vessels—the under-10 fleet—have probably had the rougher end of the stick in the past, so one of the things that we are anxious to do is to make sure that, as we increase quota, more of that quota and the opportunities go to those vessels proportionately, and that in particular we pay close attention—as you have done—to their suggestions about how we can better manage stocks.

Q683 **Dr Whitford:** The White Paper, very much as you just mentioned Secretary of State, separates access to waters from access to markets, but obviously the EU takes a completely different view and would expect that to be part of a negotiation. Why do you think that they will agree?

Michael Gove: There are two things. First, there is a brute fact, which is that in international law we will be an independent coastal state, and that is not up for negotiation. Whatever else one says about the European Commission, it is a body that respects international law, operates in a rules-based way and understands the importance of treaties. Therefore, it would be completely out of character and out of kilter for the Commission and those working and negotiating on its behalf to seek to undermine or overturn the basis on which a country would be or is operating as an independent coastal state.



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Secondly, notwithstanding the fact that some—including me—hoped that we might be wholly out of the CFP during the transition period, Europe has already taken a pragmatic and realistic approach. It said, “Given that you are going to be an independent coastal state from 1 January 2021, then we will treat you in the run-up to December 2020 as though you were, in order to prepare for that.”

I think that those two things—to be fair to the EU—are an indication of its approach. Then, as I mentioned to Richard, the White Paper is an agreed Government position. Had the Government wanted to take a different position, had the Government wanted to muddy these waters, we could have done, but we have chosen to be absolutely clear, and we have done so because we regard this as a cardinal principle of our approach to these negotiations.

Q684 Dr Whitford: I totally accept that as an independent state our waters are under the control of the UK, but access to markets is not. While you say that fishermen to a man are behind the direction, I would say—representing the south-west Scotland fishing market and living in a fishing port, which is largely crustacean and where 80% of the catch goes to Europe—that it is not unanimous. There are other groups, including other fisheries groups, who do not support that. What they are concerned about is the tariffs and what they might have to do to get their lobster to market. The north-east might think that we are all going to eat more white fish, but we are not going to be eating more lobster, so how do we get the EU to give us tariff-free and speedy access for crustaceans?

Michael Gove: I am tempted to say that in the UK we should be eating more of the crustaceans that are landed by the vessels that sail out of south-west Scotland, because it is a high-quality foodstuff, and I would happily demonstrate that by coming to visit your constituency and tucking in myself, but the serious point—you are right—is that none of us wants to see tariffs set up.

To be fair to Michel Barnier, when he has described the goal that he wants at the end of these negotiations, he has said that he would like a free trade agreement with neither tariffs nor quotas. Whatever challenges we face in this negotiation, it is clear to me that the EU does not want to erect tariff barriers between the EU27 and the UK. Obviously, a range of different outcomes may arise at the end of the negotiations, and the Government have a clear preference, but I think that determination on both sides not to have tariffs is very clear.

Q685 Dr Whitford: But how can it be that Norway, which is actually in the single market, has to pay tariffs because it is not in the CFP, yet we expect the UK—which expects to be much further out of Europe than Norway—to have tariff-free access?

Michael Gove: Because that is the stated aim of the European Union—it does not want to have tariffs or quotas on food products. None of us knows quite how the negotiations will end; Michel Barnier is a tough negotiator but he has been clear about this.



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It reflects a broader thing, which is that there are certain sectors of our agriculture and fisheries industries that rely heavily on exports—you are absolutely right. Shellfish and, as it happens, sheepmeat, are sectors that rely very heavily on exports. But overall, in terms of food, we import significantly more from the EU than we export. I am not suggesting for a moment that the conclusion of these negotiations will be determined entirely by economic interests; nevertheless, there are strong economic interests within the EU27 in maintaining tariff-free access either way for food.

Q686 Dr Whitford: Mr Drax mentioned fish processing. Of course there are different rules about landing fresh fish and importing processed fish, and the tariffs are largely on processed fish. In particular for the east and north-east of Scotland, where we have a lot of fish processing, do you not see a danger in that sector in particular ending up being hit? Norway pays tariffs of up to 12% and, even though there might be an allowance for raw fish, that could actually send more fishing vessels to land their fish in European ports instead of UK ports.

Michael Gove: As Richard quite rightly alluded to, if a vessel is going to have fishing opportunities in the UK and have an economic link with the UK, there can be certain obligations attached to that. More broadly, I am very conscious of the concerns of the fish processing industry—particularly in the north-east—because that is my family background. In the deal that we seek with the European Union, maintaining tariff-free access and barrier-free access—notwithstanding the fact that it is not perfect in my view; nothing is in this world—is one of the reasons why I support the approach of the Prime Minister outlined at Chequers.

Q687 Dr Whitford: The White Paper does not seem to mention any support for fishing and, indeed, it commits to the World Trade Organisation aim of having no subsidies at all for fisheries. How will that work for what are often quite isolated and relatively poor fishing communities in coastal areas?

Michael Gove: The Government hope to bring forward proposals shortly to explain how our shared prosperity fund will work. In essence, as we know, the European Union provides financial support, specifically to more disadvantaged communities—where productivity is lower or there are particular challenges—in order to help bridge the gap. We want to do that in a better and less bureaucratic way. We know that two of the areas in Britain that face the biggest challenges are remote rural areas and coastal communities. There is an existing fund, the EMFF, which provides in appropriate conditions investment for coastal communities in order to make sure the infrastructure is there to support fisheries. We would seek to replicate not exactly the same bureaucracy behind the EMFF, but the funding that would go towards coastal communities specifically, in order to make sure that everything was there, from the ice machines necessary to keep fish fresh, through to investment in harbour infrastructure.

One of the things that I have discussed with the Treasury and others is the vital importance of making sure that we have investment in our coastal



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communities. Fisheries are one way of helping to revive those communities, but they face a number of other challenges. The EMFF is one way of channelling state support into those communities and although we need to make sure that we have something that follows it, there is much more that we need to do for those communities.

Q688 Dr Whitford: How does that fit with the statement in the White Paper that says that the Government is committed to no subsidies to fisheries?

Michael Gove: There are two things I would say. First, the EU has state aid rules, which the Commission polices. Those rules are there to prevent the unfair—in the EU's eyes, and I think many people in Britain share this view—subsidy of a particular industry. Secondly, the EU has an historical appreciation of the importance of states being able to use money to support both coastal communities through the EMFF, and rural communities by virtue of the CAP, through RDPE funding. There is a distinction between the sort of state aid that might be, for example, a significant subsidy to a particular manufacturing industry and the legitimate Government support that comes through programmes like the EMFF.

Q689 Dr Whitford: But the White Paper says that it commits to the World Trade Organisation ambition for no subsidies. This is not talking about the EU level; it is the World Trade Organisation level, which does not want to see any subsidies at all.

Michael Gove: The lack of subsidies that we are talking about here are those subsidies that will be seen as trade distorting, of a kind that the EU itself recognises through its state aid scheme. Across the world there is a recognition that the WTO allows different boxes—amber, green and so on—for types of support for agriculture and agri-foods specifically, so there is already a WTO appreciation that states will and do provide support for agriculture and for food production that is distinct from state aid development.

Q690 Dr Whitford: So that phrase simply needs a little more expansion in the White Paper.

Michael Gove: That is a fair point. Absolutely.

Q691 Dr Whitford: Finally, can I ask whether any consideration was given to overseas territories such as the Falklands? Fishing makes up 41% of their economy, and 94% of their catch, which is loligo squid, is landed to Europe through Spain through the UK's right as a member. What is the plan to support them?

Michael Gove: The new Foreign Secretary made this point in a Cabinet Committee meeting earlier this week. It is our aim to ensure that the overseas territories and all UK sovereign territories continue to have the same access to European markets as they do at the moment. The Foreign Secretary is very conscious, in helping to shape our negotiating strategy, of our responsibility towards all those territories and of the need to preserve their current economic opportunities.



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Q692 **Dr Whitford:** And you think that that is an achievable goal when we are no longer a member?

Michael Gove: I think so. I think the broad approach that the EU would like to see would be to maintain tariff-free access on the basis that we have at the moment. Other things of course will have to change, but I think tariff-free trade is something that the EU would like to see preserved.

Q693 **Dr Whitford:** So obviously they must expect a challenge from Norway after that, when they are actually members of the single market.

Michael Gove: One of the things about the approach that we are putting forward is that it is bespoke. Some argue you cannot have a bespoke deal with the EU, but by definition almost every deal is bespoke. Being in the single market brings with it opportunities, but also restrictions. It is a particular model. We want a different one.

Q694 **Chair:** On the point about the Falklands, again we have a median line issue, which is basically determined by the territories that belong to the Falklands, if we can put it that way—Georgia and the rest of it. That was rather a difficult problem when it came to the Falklands war, because it was getting that wrong that led to some of the initial difficulties. It is a kind of Rockall situation.

Michael Gove: Yes, it is an important point.

Chair: The extension of the area, as far as the Falklands are concerned, will be governed by the same principles that you expressed earlier with regard to the 200 miles, as I put it, and whatever it is in kilometres, as you put it.

Michael Gove: Exactly. You are absolutely right, Sir Bill. South Georgia and the South Sandwich Islands are UK sovereign territory, but the fisheries management in those areas, particularly as you move towards Antarctica, is increasingly governed—and quite rightly—by environmental considerations. We want to make sure that we can work with all the other countries that have an interest in Antarctica through CCAMLR in order to ensure that we have absolutely the right conservation measures there. Your point about sovereignty is correct, but we also want to ensure that we work with all those countries that have an interest.

Chair: There are great opportunities as well.

Michael Gove: Absolutely.

Chair: We will now move on to agriculture. Kelvin Hopkins, please.

Q695 **Kelvin Hopkins:** We have some drafted questions, which I shall read, if you don't mind. The withdrawal agreement provides that the direct payments regulation will not apply in 2020. Would you agree that this exemption could be problematic if there is any extension to the implementation period, or should the agreed solution to the Irish border require continued application of the CAP?



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Michael Gove: I don't believe that the solution to the Irish border requires the continued application of the CAP. There is an opportunity in 2020 for the UK, should we so wish, to disapply some of the burdens of bureaucracy associated with the common agricultural policy. It is the Government's aim to ensure that, whatever may happen in 2020, in future we definitely have, post-2021, a different approach from the CAP: one that is, we believe, both less bureaucratic and more enlightened. Putting to one side whatever we may do at that point, the Government hope to deal with the Irish border issue through the Chequers approach of ensuring that we maintain alignment on SPS—essentially, food safety and animal welfare standards.

Again, there is a potential win-win here, although, of course, good people can differ. The potential win-win is that we can have a less bureaucratic approach towards the support we give our farmers at home, and at the same time a guarantee that high animal welfare standards are kept and, therefore, there will be no requirement on checks, either at the Irish border or, for that matter, at Calais, when British farmers' excellent produce goes abroad. That is what we hope to achieve.

Q696 **Kelvin Hopkins:** Your Department's explanatory memorandum on the revised CAP highlights that. As drafted, the revised CAP will have to be implemented by the UK from October 2020. What progress has been made in negotiating a UK carve-out from that provision, and will it need to form part of the withdrawal agreement in order to provide the necessary certainty?

Michael Gove: I think it would be better if it were part of the withdrawal agreement. Already implicit in your question and everything that has been said is an acknowledgment. Because the CAP is paid in arrears, as it were, we have that year during which we agree on the amount that is going to be paid. In fact, the UK Government have agreed broadly that we will carry on, with some adjustments, existing direct payments for several years, even after we leave the EU, in order to provide farmers with a transition period and a period of stability. I don't believe it will need to be in the withdrawal agreement, but I am open-minded.

Q697 **Kelvin Hopkins:** My final question: your Department's explanatory memorandum on the CAP reform package observes that "no direct policy implications" arise from the package, as the UK does not anticipate being a participant in the CAP post-2020. What indirect policy implications might there be for the UK arising from the EU's CAP reform proposals?

Michael Gove: I think there could be all manner of implications. One of the interesting things about securing agreement among the EU27 about the successor regime to the CAP is that we still sit in those discussions. Our diplomats are still there as full members of the EU. The European Commissioner, Commissioner Hogan—great man—is outlining his proposals for how things should change to the EU. The 27 have an interest; we are there as we are still an EU member, of course, but principally as an observer to these discussions.



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What is striking is that one of the biggest challenges that they have is that, without Britain's significant financial contribution, the pie is much smaller. The first challenge they face is that, with less money to go around, how do they cope? I know there are some who argue that Britain's contributions in the greater of schemes are not a huge amount of money but, actually, for EU Agriculture Ministers they really are.

The second thing is that there are tensions among the different nations, although they are cordial, between those who argue that the EU should move away from its current system of area-based payments and towards more money for environmental and other goods, and those who say, "No. We want to keep area-based payments because we are familiar with them."

It is interesting that some of the countries that are keenest to move away from area-based payments are countries like our own, such as the Netherlands, that have a more productive approach towards agriculture, and also a greater degree of sensitivity towards the environment. So it will be interesting to see how the debate develops.

Some argue that, if the EU continues to subsidise its farmers, our farmers will be at a competitive disadvantage. The truer view is that, provided we get our approach right—provided we withdraw the existing level of subsidy in an appropriate and gradual way and repurpose it—we can actually ensure that our farming industry is more competitive than not just the majority of EU nations, but the majority of developed countries, and that at the same time we secure environmental benefits.

Q698 Chair: Am I right in suggesting that we are going to guarantee that, in terms of subsidies, our farmers will be no worse off, and might even be better off? Could you just repeat that for the record, because there are people listening to this?

Michael Gove: Right up until 2022, the same amount in cash terms will be spent on agricultural support. In some respects, that guarantee of payment up until 2022 is a firmer guarantee than even the EU can provide its member states, because they don't know, although they have a legitimate expectation, what they are going to be paid between 2020 and 2022.

The other thing we have said is that, although we are progressively going to reduce the amount that goes in area-based payments, we are also going to ensure that that money goes to fund new pilot schemes that landowners and land managers can use in order to develop new ways, either of becoming more productive or of investing in environmental benefits. Overall, I think the thrust of your question is absolutely right.

Richard Drax: Chairman, I must declare an interest, which I should have done at the start—I apologise for not doing so. Obviously, I am a landowner and farmer, and this is very much the debate that is going on. I declare my interest according to my entry in the register—that puts things on the record properly.



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Q699 Dr Whitford: I have a short supplementary question, Secretary of State. You talked about subsidies for environmental actions but also for becoming more productive. In what way is that? Because there seems to be predominant talk about subsidising environmental actions. Although England has only 17% less-favoured land, obviously Scotland and Wales have over 80% and Northern Ireland over 70%. That is quite different farming. What would be the subsidy for being more productive?

Michael Gove: In particular, what we envisage is ensuring that there is subsidy for investment in technology, or support for investment in technology and technology transfer. Let me take a case in point: animal health. Investment in ensuring that farmers can have accurate data about the health of their individual animals can enable them to take the appropriate steps to limit the spread of disease, in order to ensure that animals remain healthy and to ensure that investment in their stock is not harmed.

You get, again, a win-win. For example, when I visited Harper Adams, the brilliant agricultural university in Shropshire, they had something called a Fitbit for cows, which is essentially a sensor that can tell you when it is better for cows to be indoors or outdoors, which feed is better for cows at particular points. By ensuring that your beasts are healthy and happy, you end up with a better yield and you can also nip in the bud any potential injury or disease that they might have. It is precisely that sort of innovation that I believe the state should get behind and will benefit farmers.

Q700 Dr Whitford: But there will be no actual subsidy towards the production of food.

Michael Gove: One of the things that we have also discussed is relevant to both Wales and Scotland. Upland livestock farming plays a part in keeping communities together. It is difficult to envisage the Lake district or Exmoor or the southern uplands of Scotland without imagining livestock farming in those areas. Even though it is not the most productive and profitable type of farming, it is associated with a lifestyle and communities that I suspect all of us here would want to see preserved.

One of the other things that we have been talking about is thinking about how we could provide support for those communities, so that people can continue to run profitable farm businesses there, knowing that the economics of those farm businesses are very different from those of, say, a cereal farmer in Cambridgeshire.

Chair: Stephen Kinnock, welcome.

Q701 Stephen Kinnock: Apologies, Chair and Secretary of State, for being so late. I am sorry about that. I want to ask about agencies. You will know that there are about 50 EU agencies, many of them vital to your portfolio. Many of those agencies, in their statutes, make it clear that it is not possible for a third country to participate in any way, shape or form in the agency. Is it your understanding that, if we wanted to participate in any of those agencies, we would first have to get the statutes changed?



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Michael Gove: We are seeking associate membership of some agencies. As a nation we are seeking associate membership. Some of them do not have a direct bearing on my Department, such as the European Aviation Safety Agency, which I think countries such as Switzerland are members of, although it is outside my area of responsibility. There are others, such as the European Chemicals Agency, which no country outside the EU is a member of. We are seeking associate membership of it.

We believe, for a host of reasons, that it is in the interests of the UK chemical industry and in the interests of the EU, so we are seeking a particular type of membership. It would be a departure from that which the EU has hitherto authorised. We hope that in these negotiations a pragmatic approach will mean that associate membership could be granted.

Q702 **Stephen Kinnock:** Therefore, you are asking for the actual statutes of the agencies to be changed.

Michael Gove: We are asking the EU definitely to change its approach, yes.

Q703 **Stephen Kinnock:** Are you able to give any sense of what the feedback on that has been?

Michael Gove: That proposal was canvassed in advance of an earlier Chequers meeting, and there was no direct pushback from the EU—certainly none of which I was aware. Just listening to the radio this morning, a Dutch politician who was interviewed took a pragmatic approach towards the Government's Chequers proposals. I will not deny that there will be some people who will take a—I hesitate to say "theological", because that is unfair to theologians, but some may take a purist view of European law and the treaties and say, "This can't happen." I think everyone acknowledges that the relationship that Britain will have with the EU will be of a different kind from the one that any third country has.

To be fair to Michel Barnier, he has made the point that even if we have a free trade agreement similar but not identical to the one that Canada enjoys, he would hope that there would be some other level playing field provisions because of the size and proximity of the UK market. I understand why he says that. One of the things that we might say is, "In order to ensure that your goals are reached—you want us to achieve certain things—we also think that the EU institutions may wish to be flexible in certain areas."

Q704 **Stephen Kinnock:** Thank you. I have just one other question, if I may, on rapid alert systems for food poisoning outbreaks. That is a well-established system within the European Union. It enables rapid response across the EU in the case of outbreaks of food poisoning. Can you please provide us with an update? What is the plan for that? What will be the engagement for that, because it is obviously a matter of life and death?



Michael Gove: It is a matter of life and death. What I can do is write back to you with the work that is being specifically undertaken. It is one of the more than 60 streams of work that our new director general for EU exit is undertaking. I can explain to you or write back to you with details about the precise range of approaches we have and the different ways in which we envisage that this might be dealt with, depending on the individual negotiating scenarios and the outcomes that come with that.

Q705 **Stephen Kinnock:** Thank you. I have one final point, going back to the agencies, briefly. My understanding was that the UK is planning to set up its own—

Michael Gove: In some cases, yes.

Q706 **Stephen Kinnock:** Are you able to provide a cost for that? What will that cost in capital expenditure and staffing?

Michael Gove: There are some agencies that we plan to set up. For every single one that is covered by DEFRA, I can give you indicative costs. Of course, one of the things about setting up some of those agencies, should we wish to do so, is that, as well as providing employment, they can potentially provide IP for the UK and potentially provide the UK with an opportunity to provide access to a high-quality service that other countries may well wish to avail themselves of. As I mentioned in respect of food safety, we have a range of options, and I will happily share with this Committee, as I have offered to share with the Environment, Food and Rural Affairs Committee, indicative costs and the workstream, where we are and the options we are thinking of pursuing.

Q707 **Stephen Kinnock:** You are not able to give us a ballpark figure now for the costs.

Michael Gove: Not agency by agency, no.

Chair: Excellent, Stephen. You have really caught up. Kate, would you like to ask the next question, which is about agriculture and the proposed free trade area for goods?

Q708 **Kate Green:** The White Paper on the future relationship advocates a free trade area in goods, including agri-foods. That would entail unlimited harmonisation of EU agri-food rules that are necessary to provide frictionless trade at the border while there would be an equivalence model for wider food policy. Can you be more specific about what exactly you would see as being necessary for frictionless trade? I think you mentioned animal welfare and food safety earlier. What issues do you think might be covered by wider equivalence approaches?

Michael Gove: The main thing is that, in order to ensure frictionless trade at the border, our analysis is that we need to have alignment on SPS—sanitary and phytosanitary standards. In essence, the EU and our consumers need to know that there are certain standards that mean that food is safe to eat and the manner in which it is being produced and processed is consistent with that.



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There are separate things we can do. Indeed, there are areas where, if we wish, we can go further than the EU. Indeed, there are areas where we already do so. For example, taking a controversial area, no UK farmer could have the domestic production methods that would lead to the production of foie gras. We can act in a number of different areas—indeed, we have in the past. My friend John Deben did that when he was in my shoes. He installed higher standards for pig welfare, particularly for sows. In so doing, he did not create a barrier to access to the UK market, or a barrier for British produce to access the EU market, but he set a higher standards in a particular area.

Overall, the sanitary and phytosanitary standards that govern the basic level of safety and assurance that people need, and which Stephen referred to, are the areas that we believe are important to maintain. Should such an agreement be reached, there are certain specific wins. One of them, as Kelvin pointed out earlier, is that it obviates any need for checks on the Irish border, and for any border inspection post at Calais.

Q709 Kate Green: Are you able—and do you intend to do this in the near future—to publish a specific list of the EU agri-food rules that you think would be included in the common rulebook approach?

Michael Gove: Yes, I think there is a wider understanding about what falls under SPS—it would definitely be helpful for people to have a broader understanding. I completely understand that some will have thought, “Well, alignment on SPS rules for agri-food means that every aspect of British agriculture and food production automatically shadows, emulates or is harmonised with EU legislation.” However, as your question points out, that is not the case. There is a distinction between those rules that we agree to follow, and those areas where we can, should we so wish, and without asking anyone’s permission, happily diverge or set our own position.

Q710 Kate Green: When do you expect to publish a definitive list?

Michael Gove: Obviously, one thing about Chequers overall is that it is part of an ongoing negotiation. Taking your point, in fairness, I think we will try to do so as quickly as possible in order to lend clarity to the debate, and so that people know exactly what is envisaged by SPS, and what its scope is. Again, in response to the question from Kelvin, when it comes to agricultural subsidy and support, that will be outside the scope. When it comes to certain food labelling issues, the UK would have its own autonomy over food policy.

Q711 Kate Green: What is your position on live animal exports?

Michael Gove: Since live animal exports are managed away from the border, it is still the case that we could, should we wish to—I am in the middle of considering evidence that we have asked to see as part of our call for evidence, and I am keen to see whether we can do more to ensure that animal welfare standards and the management of live exports are improved.



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Q712 Kate Green: We are looking to equivalence arrangements rather than a common rulebook, and in the White Paper there is an example of such arrangements that are already in place between the EU and a number of third countries, concerning organic production rules. In fact, those arrangements have been found not to work well and are being wound back, as I understand it. Are there any examples that you are confident have worked, and to which you could point as being a good model for us for the future?

Michael Gove: I think the broad principle of recognition of regulatory equivalence applies in a number of areas. I take your point that the attitude towards organics is evolving, and again I will come back to the Committee with some examples from the food sector, and others, of where we think equivalence has worked between the EU and other third countries with which it has had free trade agreements.

Q713 Kate Green: Marketing standards are one possible area, aren't they? Do you consider it likely that the EU would grant full tariff and quota-free access to its agri-food markets, without making some hard-edged demands on marketing standards?

Michael Gove: I think it would make demands—whether or not they are harsh would be a matter of judgment. The experience of CETA shows that at times the EU can negotiate hard, but ultimately very generous market access was agreed. I think we would be in a far stronger position than Canada, again because of the proximity of our markets and because of the penetration of them by EU food producers.

Q714 Chair: You have mentioned SPS on a number of occasions, and I am thinking again of the person who is watching this channel—perhaps you can explain.

Michael Gove: SPS means sanitary and phytosanitary. That essentially relates to the health requirements of animal and plant produce in order to make sure that you and I can consume them safely.

Q715 Chair: We may know, but it is important that people watching this know.

Michael Gove: You are absolutely right to pull me up, Sir Bill.

Q716 Michael Tomlinson: Secretary of State, can I follow up on Kelvin's questions about the common agricultural policy? In March, you released a consultation paper. You wrote the foreword to it and said that we are looking to have a more rational and sensitive agricultural policy. Lots of farmers in Dorset and I am sure across the country can get behind that. I am sure many voted to leave because of concerns about the CAP. How far advanced is preparation for that more rational and sensitive agricultural policy? Where are we on that?

Michael Gove: I had originally hoped before the end of the session, but I hope soon after we come back in September to bring forward a Bill, and alongside that Bill a detailed explanation of how it would operate in order to let people see how we propose to allocate support in the future: the different public goods that we have discussed; how we identify them; how



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we allocate money to those who manage our land and own our land; and also at the same time alongside that to outline what the simplified and streamlined, but still rigorous, regulatory structure would be.

Q717 Michael Tomlinson: Can we look forward to that in September or October?

Michael Gove: I hope September. That is the deadline to which we are working.

Q718 Michael Tomlinson: That's very helpful. On another subject, what plans are you and your Department making for trading on WTO terms?

Michael Gove: We are making—it goes back to the point that Stephen made—significant plans for a range of alternative scenarios. I personally would rather that we had a free trade arrangement. The free trade agreement or free trade area outlined in the Chequers proposals that we have discussed brings a number of benefits, although also additional challenges. But of course, like every Department, we are stepping up our preparations for the possibility, although no one wants it, that we would leave in March 2019 and then have to trade on WTO terms.

Q719 Michael Tomlinson: And that is obviously in light of Chequers and the agreement and the subsequent White Paper.

Michael Gove: Yes. We were already, in DEFRA and in other Departments, undertaking a significant amount of work, but there has been a step change as a result of Chequers. Absolutely.

Michael Tomlinson: Thank you.

Q720 Kate Green: Looking at the wider trade arrangements that we might have, post exit, with other countries, particularly, for example, the US, what is your approach to marketing phytosanitary standards where, as you know, there is considerable public concern about perhaps having to accept imports from the US that meet much lower standards than are acceptable currently here or in the EU, or likely to be acceptable to public opinion in this country in the future?

Michael Gove: It is a very fair point. Again, there is an argument, and the iconic product has been chlorine-washed chicken. It is important, in fairness, to say that chlorine-washed chicken is perfectly safe to eat. The reason why chicken carcasses are washed in chlorine or in other washes in order to deal with the pathogens that might be there is because of the nature of the stocking. Chickens in some parts of the United States are kept in conditions that are not deemed acceptable here. Ultimately, it is about animal welfare. The need for the wash is because chickens are kept in conditions that we would not tolerate or allow here. The American manufacturer therefore secures a potential competitive advantage over our own who have higher standards.

My view is that animal welfare and indeed environmental standards overall matter to UK citizens, and it is important that we uphold them. Whatever the relationship was that we had with the EU, I don't think UK citizens



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would want to see those standards lowered and our domestic producers put at a competitive disadvantage as a result of that. That is why I have been clear that, in any trade agreement that we secure with America or with any other country, we should not see a dilution of those standards.

Some have said that that means it will be impossible to secure a free trade agreement, but I think that they are falling prey to the temptation to make the perfect the enemy of the good. Perfect free trade without any barriers whatever may be attractive to some, but the truth is that it is far better, and most free trade agreements recognise this, to respect the sovereignty and autonomy of individual countries with respect to particular standards, but to seek agreement where one can. I am sure that agreement can be found in a whole range of areas.

Q721 Kate Green: The signals from the US President have been quite confusing, to put it gently, have they not? Are you confident that we will be able to secure a deal with the US that would satisfy UK public opinion?

Michael Gove: One of the things about the US President is that in his book, "The Art of the Deal", and overall in his approach to making deals, he makes the point that his approach is different—to put it mildly—from most people's approach. Most people, when they are coming to agreement on a deal, start out like this: I say, "It's on sale for \$10," and you say, "I'll offer you \$5," and then we move toward \$7.50 over time. His approach is to say, "I'll give you \$10 for it," and then, just as you are about to say, "Yes," he says, "Actually, I think it's worthless; \$1." He tries, by using a provocative deviation from the mean, to disorientate before eventually coming to a satisfactory conclusion. I would not necessarily judge this president's deal-making style by the approach that others classically take toward deals. Because his style is different, that does not mean that a deal is any more unlikely; it just means that the route is slightly more of a rollercoaster than with some others.

Q722 Kate Green: Do you think your officials are capable of negotiating effectively in that environment?

Michael Gove: Certainly, the officials at the Department for International Trade and the Department for Environment, Food and Rural Affairs—

Kate Green: Who we heard from the other day.

Michael Gove: Yes. I think they have made a close study of the president's approach.

Kate Green: We've all done that.

Michael Gove: I went to the US earlier this year just to listen, among other things, to people from both sides of the aisle, from the Senate and the House, to see what they thought about the prospects of a free trade deal. What was interesting was that there was bipartisan support for a free trade deal with the UK, broadly because our economies, while very far from identical, are at a similar level of economic development. Notwithstanding the increase in protectionist sentiment in some parts of



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the US, the degree of political solidarity and economic alignment that they see with the UK means that there is broad bipartisan support for a trade deal.

Q723 Kelvin Hopkins: This is a very quick question, Secretary of State: we are substantial net importers of food. Would you agree that it is important, for long-term food security reasons, to sustain agriculture and possibly expand it in the future, to ensure that we do not become over-dependent on imports?

Michael Gove: Yes, it is a fair challenge. There are some economically successful and developed nations that are significant net exporters of food. New Zealand is one, but its geography and demography are different from our own. There are other countries where they produce even less food, but have a higher level of productivity than we do overall. There is a spectrum. I agree with you that ensuring that we have a productive food production sector, and farmers who capture a big slice of the domestic market as well as exporting, is important. One point I would make is that, again, the two can go together.

As I think most people around the Committee know, if you are a pig farmer, there are some parts of the animal that are hugely popular with the UK consumer and other parts that the UK consumer is unlikely to consume, but those parts are often cherished and valued in other markets. If you could increase the demand for those bits of the pig that other countries want, that means you have more to satisfy the domestic market. In crude terms, if we can sell more of the hind quarters of the pig to China, it means that more of the fore quarters of the animal can be sold here, rather than the British consumer buying Danish or Dutch pork and bacon products—not that I have anything against that. There can be a win-win, and it would be a good thing if we were both to help our farmers meet export demands elsewhere and at the same time satisfy more domestic demand.

Q724 Chair: Just before we move on, I will make one comment. President Trump is the first president of the United States since 1945 who has actively taken a strong position on the EU and understands the EU in a way that quite a lot of other people do not. That is worth recording in case our discussion gave an impression that we were somehow or other not aware of that.

Michael Gove: No, and I think it is also fair. I didn't want to mention it, but during a period when I was on the Back Benches, I met and interviewed the president for *The Times*. One striking thing is that, while his attitude towards the EU is framed by a number of things, one is being a businessman with interests in the EU. He has a hotel and golf course in Ireland, as well as two in Scotland. He has had to deal with some of the bureaucracy that has emanated from that, which has shaped his view. The other thing is that he has a view about the German car industry and the way in which the EU has provided opportunities for it. His perception is that—



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Q725 **Chair:** Well, it's to do with the currency. Let's not get into that, because we are here to talk about agriculture. We will move on.

Michael Gove: Sorry, but I think it is a fair point. The very fair point is that he is a unique politician. It is a mistake to underestimate him. He has a particular political analysis, and he is a shrewd negotiator.

Chair: Thank you. We will get back to the environment now.

Q726 **Geraint Davies:** There is widespread concern, as you know, Secretary of State, that environmental standards will slip after we leave the EU. Michel Barnier therefore suggested a non-regression clause, so that we would have a minimum standard, above which we could rise. When I questioned you on this in the Environmental Audit Committee, you expressed concern that a non-regression clause would give rise to the EU potentially having some sort of control over our domestic arrangements. However, it is now in the White Paper, so will you now commit to it and tell us how you will enshrine it into UK law?

Michael Gove: It is no surprise to the Committee that, in a perfect world, I would like the UK to have a slightly higher degree of autonomy than that envisaged in the Chequers approach, which is a compromise. That said, there are clear benefits to the Chequers approach that accrue as a result of not having that higher level autonomy. One of those is satisfying EU concerns.

My view is that there is no absolute need for a non-regression clause in order to ensure that environmental standards are maintained. However, it is the case, as Liam and others have pointed out, that there are non-regression clauses in free trade agreements like CETA; Canada has agreed to non-regression clauses. They are a way of providing reassurance that a policy intention that we were always going to have—to not dilute environmental standards—will be part of the free trade agreement. Should either of the parties to the agreement not honour that, there are obviously ways by which arbitral panels and others can pass judgment.

Q727 **Geraint Davies:** So you would now support a non-regression clause, and in addition, you are saying that you might support a non-regression clause in other trade agreements, so that we don't have a backdoor entry of lower environmental standards through secret trade deals?

Michael Gove: Well, I would look at each agreement on its merits and in the round.

Q728 **Geraint Davies:** You are in favour of a new body for monitoring and enforcing these standards, which will be non-regressive, as we have said. Will you ensure that that body is able to exercise fines against local and central Government, in a way that we are kept to account on, for instance, air quality? We are now being fined on that in the European Court of Justice. If we don't satisfy our own standards, which by the sound of it will be the EU standards, who will fine us, and how will that work?



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Michael Gove: I think such an independent body should certainly have the capacity to take the Government to court if the Government are breaking the law, yes.

Q729 **Geraint Davies:** If there is a no-deal scenario and we fall off a cliff edge, how will we ensure that that body is up and running, and that we maintain the sort of standards that you envisage with the non-regression clause?

Michael Gove: I think we would legislate as quickly as possible in order to ensure that such a body was up and running. While I think it would be better that we have that transition period to January 2021, to prepare for our new life after, as I said earlier we are making preparations for the eventuality that we leave in March 2019. While that is not my favoured option, the cliff edge metaphor is perhaps not the happiest.

Q730 **Geraint Davies:** Finally, do you envisage our having associate membership of the European Environment Agency and the European Food Safety Authority, as well as the European Chemical Agency—the latter is in the White Paper—so that we can maintain standards on plastics, on bees and on chemicals?

Michael Gove: I don't believe that is necessary at this stage.

Q731 **Chair:** We are up at 10.30. I know you wanted to leave then. There are just two questions and I am sure they will be short. One is from Mr Lewer and the other from Mr Drax.

Michael Gove: I will keep my answers short.

Q732 **Andrew Lewer:** Mine is simply to ask you to expand slightly on non-regression, in the sense, not so much of better or worse regulation, which is quite pejorative, but the scope within a Chequers future for different ways of reaching the same objective. Do you think that Chequers actually prevents that from happening to a much larger degree than pre-Chequers discussions led us to believe?

Michael Gove: What Chequers does is state that, when it comes to the regulations that cover goods, we will accept harmonisation with EU rules. That covers 20% and declining of our economy, because services is a growing sector. The argument is made that the goods acquis is relatively stable, though one of the points that I have made is that we have seen the EU in the past having, say, an approach that sometimes—what's the word?—used definitional ambiguity in order to achieve a particular agenda. Nevertheless, it would be only in those areas.

Should the Chequers agreement or something very similar be accepted by the EU, we would have significant freedom in a variety of other areas. I have described it as a compromise. As I mentioned to Geraint, while it does not give the country the full regulatory freedom that in an ideal world I might like to see, nevertheless, in accepting that lack of regulatory freedom, other benefits accrue. Existing companies have been clear about what they see some of those benefits are. There are benefits, certainly, in our relationship with Ireland.



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Q733 **Richard Drax:** Secretary of State, finally, do you find it extraordinary, as I do, that a great country like ours cannot design, make and implement its own environmental laws, while at the same time, of course, having laws that affect our trading partners, that are to the benefit of both trading partners?

Michael Gove: I think we absolutely can. One of the things about leaving the EU, of which we have been a member for more than 40 years, is that the public clearly wanted us to leave and take back control of our laws. In leaving, it is important for us to recognise some of the obligations that have built up over that time and try to leave in a civilised way as good neighbours. There is a very British approach, which is to be gracious in negotiations like this and to be conscious of the concerns of our friends and neighbours. The right approach, which the Prime Minister is taking, is to be very hard-headed about core British interests but at the same time gracious and accommodating to our neighbours, where possible.

Q734 **Chair:** I will just finish by recalling the fact that it was Disraeli who, in the 1860s and 1870s, brought forward the first serious anti-pollution legislation.

Michael Gove: Absolutely.

Q735 **Chair:** Therefore, it is very much in the tradition of the Conservative party, if I may say, that we maintain that within the framework of our own sovereignty, which we will get back.

Michael Gove: Absolutely. Legislation to clean up our rivers was introduced by Disraeli; legislation to clean up our air was introduced by Harold Macmillan; legislation to create our national parks was brought in, as it happens, by a Labour Government, but following a recommendation from a Liberal politician and backed by the Conservative Opposition at the time. All that was achieved before we joined the EU, so your point is very well made, Sir Bill.

Chair: I hope you enjoy "Phineas Finn". Thank you very much indeed for coming.

Michael Gove: Thank you.