

Environment, Food and Rural Affairs Committee

Oral evidence: Is Defra ready for Brexit?, HC 1669

Monday 9 September 2019

Ordered by the House of Commons to be published on 9 September 2019.

[Watch the meeting](#)

Members present: Neil Parish (Chair); Alan Brown; John Grogan; Dr Caroline Johnson; Kerry McCarthy; Mrs Sheryll Murray; David Simpson; Angela Smith.

Questions 263 – 393

Witnesses

I: Rt Hon Theresa Villiers MP, Secretary of State for Environment, Food and Rural Affairs; Tamara Finkelstein, Permanent Secretary, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

- [Department for Environment, Food and Rural Affairs, December 2018](#)
- [Department for Environment, Food and Rural Affairs, January 2019](#)
- [Department for Environment, Food and Rural Affairs, April 2019](#)

Examination of witnesses

Witnesses: Rt Hon Theresa Villiers MP and Tamara Finkelstein.

Q263 **Chair:** Good afternoon, Secretary of State. Can I first of all apologise for keeping you waiting? I assure you it was nothing personal. These are extraordinary times. We have had two reports to do, and we had quite a number of amendments. Much as I tried to get them through quite quickly, it took a bit longer than we intended. Please accept my apologies on the Committee's behalf.

I would also wish you well. I realise your vocal cords have been under pressure lately, so we will naturally endeavour to question you, but we will try to give you a chance to answer. If you are suffering with your voice at any time, please let us know. We quite understand. We do not wish to be cruel. I do not think you and Tamara need to introduce yourselves for the record, because I believe we know exactly your roles. Welcome also to the Permanent Secretary.

First of all, Secretary of State, we welcome you to your new role. I want to start by not asking you a question about Brexit. We will get on to it, as you can imagine. What are your priorities for your new role? How do you see your role? Do you see it following on from the previous Secretary of State with agriculture policy and environment policy? How do you see your role as Secretary of State moving forward in a general sense?

Theresa Villiers: Thank you. I appreciate your kind remarks about my vocal cord issues. I am grateful to the Committee for postponing the hearing for a day or two to allow for a bit more recovery. My doctors have recommended short sentences and short answers, so hopefully we can squeeze in more time for questions.

Chair: Did you tell him you had to come before the Select Committee, though?

Theresa Villiers: In terms of my priorities, the first key task the Prime Minister has given me is to ensure we are ready for Brexit, deal or no deal. We are straining for a deal, but we are also determined to be ready to leave without one, if necessary. Defra has huge responsibilities, as you will appreciate.

It is also one of my highest priorities to ensure we deliver on our promises on a new system of farming support, which gives our farmers the rewards they need for good stewardship of the countryside and maintaining standards on matters such as animal welfare. Animal welfare itself has been an important priority for me ever since we two worked on this together in the European Parliament 20 years ago. That would be a priority.

Of course, the Government have taken on huge obligations in terms of the natural environment, and our landscapes and countryside. The recovery of nature and biodiversity is another subject very close to my



heart. Taking forward a ground-breaking environment Bill is also going to be hugely important if we are to meet our obligations in terms of environmental matters.

Tackling waste, litter and particularly the pollution of our oceans is another key priority for me. We need to harness the public enthusiasm for this. I would very much like to take up many of the causes that Michael Gove espoused as my predecessor, but I hope to be able to put my own individual stamp on some of these important projects as well.

Q264 **Chair:** Naturally, I very much expect you to do that. As far as the Agriculture Bill and the fishing Bill are concerned, do you believe they can be resurrected? Perhaps I will leave that to be dealt with by Alan; I beg your pardon, Alan.

When it comes to agriculture, what I am very interested in is that we have a great environment but that we also have a great managed countryside. A lot of that management is down to farming. Therefore, do you see food production and agriculture as a very important part of the countryside and a new agriculture policy?

Theresa Villiers: Yes, we all know that these debates tend to get polarised between the rewilding lobby on the one hand and the farming lobby on the other. There is actually a huge amount of common ground in terms of what we need to do to support our farming sector and, at the same time, deliver crucial environmental goals. We will never be able to deliver on the ambition we have to protect our natural landscapes and environment unless we work with the farming community.

Getting it right on farming, including farm support, is a crucial part of a successful environment policy, and I will want to try to bring people together across that divide. It can be portrayed as environmentalists versus farmers, but in reality there is a huge amount of overlap between those two perspectives.

Q265 **Chair:** Your predecessor was quite keen—I am sure you will be—to come to all parts of the country, so I will offer you an invitation to the West Country now while you are before us, because it is going to be really important to go across the country.

I am a huge advocate of farming. The managed landscape is there because of generations of farming. There will need to be change in farming practice—do not get me wrong—but, if you take the farmers with you, you have a much greater chance of delivering a better environment that also keeps some very good food production.

Theresa Villiers: The fact that the NFU wants to be ahead of the rest of the economy in reaching net zero is a hugely laudable ambition, which demonstrates that farmers themselves have always played a crucial part in safeguarding our natural environment. That role is going to become even more important in the future.

Q266 **Chair:** I have one final question on direction of travel before I have one on badgers. Where do you see your policies differing from your



HOUSE OF COMMONS

predecessor?

Theresa Villiers: I am working through those at the moment. I do not have imminent policy changes to announce, but I will want to take a fresh look at some of the more sensitive or controversial areas. I will certainly keep the Committee informed if there is a change of policy in relation to the decisions taken by my predecessor.

Q267 **Chair:** We look forward to that. I will not press you further at this time, but we will look forward to you putting your particular stamp on Defra.

There has been a statement today on TV. The cull in Derbyshire has been withdrawn. There has been a report by Professor Munro, which is really questioning how much suffering there is with the badger cull. What is the Government's position? Have the Government changed their view on badger culling in the control of bovine TB? The one area where I would probably take issue with Professor Munro is that I do think the badger cull has reduced TB in cattle, and we have seen some fairly dramatic effects of it. But we must make sure that the cull is humane, and that is something I am sure you are very concerned about. Where is the Government's position?

Theresa Villiers: The Government's position is unchanged in terms of its overall policy on badger-control mechanisms. We believe they continue to be a necessary and important part of our determination to become TB-free as a nation. That is a crucial goal that we must stick to. The reasons for the suspension, pause and review of the cull programme in Derbyshire related to specific local circumstances, and the decision was taken last week that we would pause the programme in order to better assess the interaction of culling and control programmes with the vaccination projects that are underway in that area.

I want to recognise the strong feelings on both sides. I would emphasise that a huge amount of effort goes into ensuring the badger control programmes are conducted in as humane a manner as possible, and I also want to provide reassurance to the farming community that we continue to believe that badger-control mechanisms do work. As you point out, Chair, the statistics indicate that they are making a difference in stabilising and reducing TB rates, so they will continue to be part of the Government's multi-strand programme to get a grip on this terrible disease.

Q268 **Chair:** One of the problems in Derbyshire was possibly the speed at which the cull was withdrawn. That has left, certainly, some in the farming community slightly perplexed, to say the least. I do not know how much liaison there was with the NFU and the farming community before this decision was made.

Theresa Villiers: I regret that it was a decision taken at short notice. We are exploring the consequences of that to see whether there is some help we can give to those who have expended money on the basis that the cull was going ahead. I am not able to make promises on that right now, but I fully acknowledge that it was done at the last minute. You will



HOUSE OF COMMONS

appreciate that some of the decisions on culling cannot be shared widely for security reasons, but we always try to engage, if we possibly can, with the communities affected before taking such decisions.

Chair: I realise that feelings run high, as you quite rightly say, on both sides, but I welcome your reassurance on the policy.

Q269 **Dr Johnson:** The decision to cull any animal is never taken lightly, but one thing that seems to have upset a number of farmers is that the vaccination programme, which was given as the reason for this short-notice delay, has actually been going on for some time. Two years is what the farmers have told me. Why was this not assessed over the last two years? Why was it suddenly changed? Was it that your Department became aware that an assessment that should have been done had not been?

Theresa Villiers: I am not really able to share the details of internal discussions within Government, but it became apparent to us last week that we really did need to take a look at these matters again, particularly in light of the fact that the vaccinations programme in Derbyshire is one that is funded by Defra. As I have acknowledged to the Chair, I regret that it was a decision made at short notice and with little warning. In future, we will try to ensure that any such changes come with more notice and we have more of an opportunity to consult and discuss these with the people who are involved in the programme more directly.

Chair: We will park that there. Thank you, Secretary of State.

Q270 **Kerry McCarthy:** Before getting on to my substantive question, you have a couple of extra people who were given quite significant roles by the former Environment Secretary. Ben Elliot was made food-waste tsar and Henry Dimbleby is doing the food strategy. Will they both be continuing in their roles?

Theresa Villiers: I certainly hope so. As far as I know, they are happy to continue.

Q271 **Kerry McCarthy:** Ben Elliot now has a new role at Conservative headquarters, does he not? He has been given quite an important post there.

Theresa Villiers: A number of the external advisers Michael Gove brought in are undertaking new roles, so we are working through the implications that will have. But we are very much hoping to benefit from the expertise and advice of the team that Michael got together.

Kerry McCarthy: But it is still your intention, then, to come up with a food strategy with the same timetable as the former Secretary of State.

Theresa Villiers: Yes.

Q272 **Kerry McCarthy:** Okay, that is good. Can I ask about trade standards? Again, this was something your predecessor was quizzed about quite a lot. Are you happy to give the same commitment he did that there will be



no lowering of standards in pursuit of trade deals post-Brexit?

Theresa Villiers: Yes, we are determined to maintain our high food standards. That will be at the heart of our trade discussions. There is strong public support for maintaining those high standards. Like my predecessor, I do not believe for a moment that we should water them down in pursuit of trade deals. That is the Government's position.

Q273 **Kerry McCarthy:** Before the reshuffle, there was a bit of a difference of opinion between Defra and the International Trade Secretary. Have you spoken to the new International Trade Secretary? She is quite an evangelist for free markets, is she not? Will she make the same commitment as you?

Theresa Villiers: I have had a number of conversations with Liz over the last few weeks both in the formal context of discussions in Cabinet committee and on a one-to-one basis. She is very clear on my views but also, as a former Defra Secretary, she totally understands the sensitivity of these issues and, like the rest of the Government, is firmly committed to maintaining high food standards in trade negotiations.

Q274 **Kerry McCarthy:** "Standards" covers quite a number of things. It could be animal welfare standards; it could be health and safety; it could be environmental standards. Can you say a categorical no to chlorinated chicken, which tends to be used as the totemic issue?

Theresa Villiers: We have legislated to continue the rules that ban chlorinated chicken. That is going to continue.

Q275 **Kerry McCarthy:** Where is that legislation?

Theresa Villiers: It is part of the continuation under the EU (Withdrawal) Act and the secondary legislation. Because there is a ban in place in EU legislation, that is being carried through on to the domestic statute.

Q276 **Kerry McCarthy:** That has come into law, has it?

Theresa Villiers: Yes, it is all ready to go. It is the same with hormone-treated beef.

Q277 **Kerry McCarthy:** It includes ractopamine in pork and all those sorts of things, does it? There is a whole list of things.

Theresa Villiers: Yes.

Q278 **Kerry McCarthy:** The Prime Minister, however, wrote to Donald Tusk on 19 August saying that our regulations on environmental and product standards will potentially diverge from the EU's. Are you saying that that will not apply to Defra?

Theresa Villiers: No, what we are saying with that is that we are committed to maintaining the same high standards and outcomes, but the means by which we deliver those outcomes and standards may diverge from the European Union over time. There are different ways to



HOUSE OF COMMONS

get to the same result. Whether it is animal welfare, food safety or environmental standards, we are determined to ensure that we retain the highest standards, but we may well take a different view in the future on how best to deliver those, because there will be mechanisms that are better suited and better targeted to our domestic circumstances.

Q279 Kerry McCarthy: You are saying the end result will be the same or ideally better than other countries, but if we go about it in a different way would that not create quite a bit of bureaucracy or confusion? It is not going to be so easy to persuade other countries that we meet the same standards if we have gone about it in a different way to the EU. Will that not be another hurdle for people to jump over, if they have to try to prove equivalence?

Theresa Villiers: Even the most passionate advocates of EU environmental standards and other standards would acknowledge that sometimes the way they go about things and the mechanisms for delivery have been, to say the least, suboptimal. The assumption that the EU will always have the right answers in terms of the way to deliver environmental and other protections is misguided.

One of the advantages of leaving the European Union is to be able to tailor a regulatory regime that is much better suited to our domestic circumstances. We are going to be doing that, for example, in relation to fisheries and farming. I believe very strongly that we can do things better, more effectively and in a way that is easier for farmers and fishermen to grapple with than is the case with the current corpus of EU law.

Q280 Kerry McCarthy: Can you give an example of where it is suboptimal?

Theresa Villiers: Certainly, in many ways both the common agricultural policy and the common fisheries policy have significant drawbacks. I would expect us to do be able to do better.

Q281 Kerry McCarthy: That is not really about the regulation of standards. That is about farm subsidies. You have a whole Agriculture Bill about this.

Theresa Villiers: For example, many of the rules on fisheries are, in theory, focused on sustainability. These are areas where I believe we can do better when we take our own decisions as an independent coastal state. We can deliver a better outcome for our fishing communities while delivering higher standards and tougher goals on sustainability.

Q282 Kerry McCarthy: We are getting on to fisheries a bit later.

Theresa Villiers: Even the most ardent advocate of the European Union will acknowledge that the common fisheries policy has not been a great success.

Kerry McCarthy: I do not think it is, and I do not think the common agricultural policy is. I just do not think that is an example of regulation about standards, which we are talking about in this question. But we



HOUSE OF COMMONS

need to move on.

Q283 **Angela Smith:** Has the UK Parliament completed the necessary work on statutory instruments to ensure the UK can maintain current animal health and welfare standards? Is all the work complete?

Theresa Villiers: Our work is on track. We have some statutory instruments that we will need to get through after prorogation. Tamara, I do not know whether you can list of the specific ones.

Tamara Finkelstein: Yes, we have taken through 126; 11 remain, which will be after prorogation on return. Our expectation is to have everything in place by the 31st.

Q284 **Angela Smith:** There are 11, and there is a commitment today that those 11 will be made before 31 October.

Theresa Villiers: Yes.

Tamara Finkelstein: We may need the emergency procedures for some of them.

Q285 **Angela Smith:** How do you do an emergency procedure?

Theresa Villiers: That is under the EU (Withdrawal) Act. It speeds things up, essentially. We believe we are on track to deliver them by 31 October.

Q286 **Angela Smith:** What is an emergency procedure? Does that mean there is no vote in Parliament?

Tamara Finkelstein: There will be some urgent procedures in place to put them in place, and some of the debates would take place after the end of October.

Q287 **Angela Smith:** How can they go on the statute book if Parliament has not agreed them by the end of October? There is an implication from the Permanent Secretary that there is a procedure here that, frankly, we have overlooked a little, so I would like a little explanation as to what that procedure is.

Theresa Villiers: For the statutory instruments that we have still to get on the statute book prior to 31 October, I have been advised that we are in a position to do that. We may need to use an accelerated procedure.

Angela Smith: It is an urgent accelerated procedure. I would like a quick outline of what that involves. Clearly, we want to see scrutiny of those instruments and we want them on the statute book.

Chair: The best thing we can do with that is have something in writing straightaway after this meeting.

Theresa Villiers: Yes.

Chair: We do not have time to mess about, because time is moving on.



HOUSE OF COMMONS

Q288 **Mrs Murray:** On that point, can I ask for confirmation that this would have been agreed when the EU (Withdrawal) Act went through its Committee stage and went through all the stages? Am I correct?

Theresa Villiers: Yes, these are procedures in the EU (Withdrawal) Act.

Q289 **Mrs Murray:** So it is nothing new. Everybody agreed to it then, and the House voted for it.

Theresa Villiers: Yes.

Q290 **Chair:** The previous Secretary of State said that over his dead body would he sign an agreement with America to allow chlorinated chicken in. Do we get the same situation with you?

Theresa Villiers: Yes, I can sign up to that. We are not going to be letting chlorinated chicken and hormone-treated beef in. I do not believe that would be the right thing to do.

Q291 **Chair:** It is not the chlorine treatment, as you well know. It is the density of population, the lower welfare standards and probably two or three times the amount of antibiotics, as long as you are aware of that. We have your assurances that you will stop that coming in.

Theresa Villiers: We have legislated to stop it coming in. I do not believe that is going to change in trade negotiations.

Q292 **Chair:** We need to try to get something in the Trade Bill and the Agriculture Bill to make sure that happens as well.

Theresa Villiers: I am not sure it would make sense to prejudge trade negotiations in the Agriculture Bill, but no doubt we can have that debate in broad terms.

Chair: Yes, we can have that discussion.

Q293 **Alan Brown:** On that, if we crash out of Europe on 31 October without a deal and we are trading on WTO rules, how, operating under WTO rules, can the UK Government prevent chlorinated chicken and other products coming in?

Theresa Villiers: First, I would re-emphasise that the Government are seeking a deal. That is our preferred outcome. If we do leave on WTO terms, we set out under the previous Government a no-deal tariff schedule, which provides some protection to farming communities and the farming sector, albeit that we need to get a careful balance to ensure we have a tariff schedule that does not drive prices up unnecessarily.

In the past, the WTO rules have tended to deal with animal welfare concerns via a tariff mechanism. Trade negotiations tend to operate on the basis that the tariffs can go down so long as the standards start to go up. In terms of an immediate move to WTO rules, that question would be determined by our no-deal schedules, which we have published previously and will re-publish shortly. As you may be aware, they provide some tariff protection for sensitive agricultural sectors.



Q294 **John Grogan:** I have two questions, really. I have listened very carefully. Would you agree that there has been a change of emphasis, if not in policy? The previous Secretary of State said that standards would be maintained and that there would be the same environmental and labour laws as the EU. Now there does seem to have been a shift.

Today, the *Financial Times* reports that when David Frost went to Brussels last week this is what he led on: that we were going to change regulations on the environment and so on. I am struggling to know what the distinction is between having the standards there, which are presumably there in absolute, and somehow having different regulations to enforce them. I am struggling to see an example of what we are talking about here. If there is an environmental standard there, either you meet it or you do not, surely.

Theresa Villiers: There are many ways to deliver an environmental outcome; if that were not the case, one would not see years of debate within the European Union before it gets to a new environmental regulation. It is just short-sighted to think that the European Union is exclusively wise on this. There are different ways to deliver the same outcomes.

In particular, the EU legislative process often takes two years. We may wish to pilot different ways to deliver environmental outcomes and make swifter changes to our environmental policy where things are not delivering as effectively. Much of that is made very difficult if we are sticking to the letter of EU regulations.

In terms of a change of policy, I have had many conversations with Michael Gove about this. He always emphasised that a commitment to maintaining our current high standards does not mean a commitment to writing out and keeping forever the exact same EU laws. We want to ensure we maintain standards that are as good as or better than the European Union's, but we reserve the right to deliver them in a way that suits our local conditions.

Q295 **John Grogan:** You are not at all worried that the more we diverge, the harder it will be to have access to the single market.

Theresa Villiers: That is a judgment we would need to make. You are right that diverging potentially has an impact on our free trade relationship with the European Union, depending on the nature of the agreement we come to with it.

Q296 **John Grogan:** Obviously, we are rapidly approaching the end of October. We will not have the Office for Environmental Protection in place and the environment Bill through. Is that going to make it harder if we leave the European Union, particularly if there is no deal and so on, to enforce those environmental standards? The legislation will not be in place. The Office for Environmental Protection will not be in place.

Theresa Villiers: The only thing is the potential gap in relation to the OEP, but we were always probably envisaging that there would be a



HOUSE OF COMMONS

potential gap, and we have put in place interim arrangements to ensure that complaints and concerns can be investigated from the start and passed on to the OEP when it is established. All the environmental protections we are subject to as a result of our EU membership have been imported on to the statute book, so we are ready to go on that. We would be keen to press on with the environment Bill as soon as possible.

Q297 Chair: When we did pre-legislative scrutiny of the environment Bill, we wanted the Office for Environmental Protection to have a real degree of independence, especially in selecting its members and its chair. Would you be happy with that? What is the situation? Naturally, we have not heard from the Government yet.

Theresa Villiers: We are hoping to publish the revised Bill soon. We will be taking on board a number of the proposals made by this Committee. I do not want to preannounce that, but the OBR-type model, which you discussed with my predecessor, is one that has much to recommend it. When that Bill is published, I am determined that we will have the substantial degree of independence that the Committee wants.

Q298 Chair: If you go along the lines of the OBR, the Office for Budget Responsibility—I am always telling people off for abbreviations, so I had better not abbreviate it myself—that would give it a degree of independence. Much as you, as the Secretary of State, cannot dictate your wishes to any environmental audit body, there has to be a proper degree of independence, and I think you recognise that.

Theresa Villiers: The Committee made its points very strongly, and I hope you will welcome the changes that I envisage we may well see in the Bill when it is published.

Chair: We look forward to seeing them, Secretary of State.

Q299 Alan Brown: With the plans to prorogue Parliament tonight, it seems the Agriculture Bill and the Fisheries Bill will not be carried over to next Session. Is that correct?

Theresa Villiers: Unless there is some conversation between the Whips' Offices on the two sides this afternoon, I am afraid it looks as if the Fisheries Bill and the Agriculture Bill will fall, but we would certainly be enthusiastic about reintroducing them soon.

Q300 Alan Brown: If you reintroduce them, it starts again. What kind of delay is that going to be? Tamara, in July you told the Committee that delivering the replacement to the CAP on time needed the Agriculture Bill to have been passed by early 2020. How long a delay are we facing?

Theresa Villiers: You will be aware that these matters tend to lie in the hands of the business managers, but we are confident that we can meet a demanding timetable to deliver the Agriculture Bill, the Fisheries Bill and the environment Bill. They are all really important to us. The Agriculture Bill in particular we need to get in place in order to stay on



HOUSE OF COMMONS

track to deliver our farm support system, but I hope we will be making as much progress as possible as soon after prorogation as possible.

Tamara Finkelstein: We have revisited our critical path. A delay until summer 2020 we could just about incorporate, especially if we were able to add some elements into the environment Bill, but that would be the absolute deadline. I said spring when I came previously. We have revisited that to see a little bit of scope, but you are right that to stay on track we would certainly need it by the summer.

Q301 **Alan Brown:** Given that these Bills so important and they were deemed flagship Bills, why are the Government taking steps to prorogue Parliament and letting them fall? It is illogical.

Theresa Villiers: It is normal that there is a prorogation of Parliament for the Queen's Speech. We need to have a new Queen's Speech because we need to get on with a whole range of legislative actions. That is the rationale behind the Queen's Speech decision. I very much hoped that the Opposition parties would have been willing to look at a wash-up process but, whatever happens in relation to these Bills, we are determined to get them on the statute book as soon as we can. If they do not survive today, we will look to reintroduce them soon. We recognise how important they are.

Q302 **Alan Brown:** So it is the Opposition's fault for not doing a wash-up rather than the Government's fault.

Theresa Villiers: I do not want to say that. For whatever reason, if it not possible to carry them over, we will look to make progress on them as soon as possible after Parliament resumes following the Queen's Speech.

Q303 **Chair:** I would make a plea, even at the 11th hour, perhaps, that we can talk to the Opposition parties, because these particular Bills have not been particularly controversial. There has been a lot of cross-party support, especially on the Agriculture Bill. The fishing Bill has not found too much disagreement. It would be a great shame. The trouble is that we will have to go through all the Committee stages and the whole lot again if we are not careful. I would make that plea.

As a final question, if the Agriculture Bill and the fishing Bill fall, will payments like the single farm payment and so on—perhaps this is a question for you or Tamara—be made under the same system this May? What is the situation? Does special legislation need to be passed in order to make those payments?

Theresa Villiers: We will get those payments made. Tamara, can you fill in the detail?

Tamara Finkelstein: As I say, we will need some legislation, which is why I gave my spring deadline. Previously, we have looked at whether any urgent elements of that could be included in the environment Bill, if



HOUSE OF COMMONS

the Agriculture Bill was going to be a bit later. Summer would be the latest.

Q304 **Chair:** That will not slip your mind, will it?

Theresa Villiers: No.

Chair: I suspect one or two of us might remind you of it.

Theresa Villiers: Yes. We will get the payments made.

Q305 **Alan Brown:** If we can come back to the Agriculture Bill, one of the aspects of the Agriculture Bill is that the Government have accepted an amendment that would return the red meat levy raised in Scotland back to Scotland. At the moment, Scottish farmers lose out on £2 million per year in revenue because of that. What is going to happen now with the Bill falling?

Theresa Villiers: I appreciate the importance of this to Scottish Ministers. In fact, these matters have been raised with me. We would give careful consideration to proposals to add things to the Bill. I am more than happy to look at that issue again. My understanding is that it was not included last time.

Q306 **Alan Brown:** It was; it was accepted.

Theresa Villiers: Okay. I am very happy to look at that again in the context of the reintroduction of the Bill.

Chair: Angela, can you be very short, please? I am conscious of the Secretary of State's voice. We want to keep you going for the rest of the questions, if we can.

Theresa Villiers: No, I do not mind. It is fine.

Q307 **Angela Smith:** Secretary of State, did you develop carry-over motions for the Agriculture Bill and the Fisheries Bill? If you did that, did you put them through the usual channels?

Theresa Villiers: These matters are determined by the Whip's Office.

Q308 **Angela Smith:** I have the Standing Order. The Standing Order dictates that the Government Minister must bring forward separate carry-over motions for each Bill, and they are then put through the usual channels. Did you develop carry-over motions for those Bills?

Theresa Villiers: I have not myself been working on carry-over motions, but these are matters for the Whip's Office to discuss with the Opposition Whips.

Q309 **Angela Smith:** Did you develop those and propose carrying over those two Bills? Did you or did you not?

Theresa Villiers: No. I was not working on carry-over motions. These are matters for the Whip's Office, so you will need to direct your questions to them.



HOUSE OF COMMONS

Q310 **Angela Smith:** The Government did not propose carry-over motions on those Bills. That means there was nothing for the Whips to discuss.

Theresa Villiers: I am not aware of the Whips having proposed carry-over motions.

Q311 **Angela Smith:** No, the Whips do not propose them. The Standing Order is clear. It is the Government Minister who proposes the carry-over motions, not the Whips, so no carry-over motions—

Theresa Villiers: I have answered your question. We are going around in a circle.

Chair: We are going to park it there.

Q312 **Mrs Murray:** You have got me so you have got fish, Secretary of State. You have mentioned the Fisheries Bill. Presumably, there will not be any disruption to the fishing industry from 31 October to 1 January, because we have already decided the quota allocations and what have you, and I would not expect anything to change in those three months. Could I ask what your plan is for our fishing waters from day one, in the event of us leaving on World Trade Organization rules and operating under the United Nations Convention on the Law of the Sea? Will non-UK vessels be excluded from our waters?

Theresa Villiers: The provisions we put on to the statute book would make us an independent coastal state on 1 November, with control of our waters. That means the rights of fishing fleets from the EU would cease. There is the possibility of some kind of continuity agreement, but that is not in place. That has not been agreed to, so we are looking at a significant change on 1 November.

In terms of our future, that is a matter for debate as we take the Fisheries Bill through, but it is clear that we must deliver a system that gives our fishing fleet a fair share of our fisheries, which they have been deprived of for so long, and ensures we deliver on our obligations for a sustainable approach to fisheries. I look forward to working with you and this Committee as we develop that.

Q313 **Mrs Murray:** Can I ask about additional quota? Additional quota will be available to many fishermen around our coast, in particular in the south-west for instance. At the moment, France gets about 70% of the cod. UK fishermen get about 8% of the total EU share. That is the total pond; I am just talking about the UK side of the median line. But will there be an opportunity for our fishermen to benefit from the additional quota that France is perhaps unable to come in and catch?

Theresa Villiers: For the last two months of the year, we envisage UK fishing fleets sticking with the quota that has been allocated. Of course, there will be crucial discussions at the end of the year about what happens next year, and then I absolutely would want to see our fishermen getting a fairer and better share than they have had to date.



HOUSE OF COMMONS

Q314 **Mrs Murray:** Do you have the robust legal powers to manage our fisheries without the Fisheries Bill? I know we have the powers under the United Nations Convention on the Law of the Sea, which both the European Union and the UK have signed up to. Is there anything you would need to introduce between the time of leaving, if it be 31 October this year, and when you introduce a new annual regime from 1 January 2020?

Theresa Villiers: I do not believe we have legal gaps. As a matter of practicality, there will be the challenge of enforcement of new rules in relation to our waters. With that in mind, we have secured a sevenfold increase in the coverage of patrol vessels and introduced a significant increase in aerial surveillance to assist us in enforcement of new rules coming into effect after 1 November.

Q315 **Mrs Murray:** That moves me quite nicely on to my next question, really. I know we already have an obligation under the common fisheries policy to patrol and enforce the UK 200 mile to median line limit, so we are already patrolling those waters. It is welcome that we will have an increased number of patrol vessels, because obviously it is going to be more important to patrol the UK EEZ more rigorously, as it could be open to other vessels coming in and fishing illegally. Are those extra fisheries protection vessels, the extra area surveillance, vessel monitoring and AIS sufficient for us to rigorously enforce and patrol the UK EEZ? Is there anything that you feel would better enhance that?

Secondly, VMS is a European Commission system. Have we had any dialogue with the European Commission to ensure we will have access, in order to monitor other member states' vessels once we leave so we can absolutely be assured that they are not in UK waters when they should not be?

Theresa Villiers: On that last point, the position on access to that system is not settled, but there are good conversations underway. We can approach that with a degree of optimism. In terms of our overall plan for enforcement activity, a lot of work has gone on. There is no doubt that it will be a very different set of circumstances and a much bigger scale of task, so we will continue to work together with other Government Departments to ensure we are doing everything we can to provide effective enforcement.

Of course, we will seek to work with the enforcement authorities in other EU countries, because of course it is a shared responsibility. They have a responsibility to try to ensure their vessels are not involved in unlawful fishing in the territorial waters of other countries. That co-operation and partnership will be an important means to ensure we have an effective mechanism to enforce the new rules in relation to our fishing waters after 1 November.

Q316 **Mrs Murray:** Under the United Nations fish stocks agreement, the European Union and the UK have signed up to that as well. It puts the



HOUSE OF COMMONS

responsibility on both parties to ensure, with stocks that perhaps cross the boundary, that they do not take undersized and immature fish from any of the waters and, of course, that they do not overfish them. Presumably, you will be looking to have a dialogue to make sure that our European friends take that as seriously as the United Kingdom does, once we have left the common fisheries policy.

Theresa Villiers: I have to confess that I am not familiar with the detail of that particular treaty, but what you are proposing sounds eminently sensible.

Q317 **Mrs Murray:** It is a secondary piece of legislation under the United Nations Convention on the Law of the Sea. Tamara can perhaps confirm that, but that is my understanding.

Tamara Finkelstein: Yes, those would be their obligations and our obligations under that and the UN Convention.

Q318 **Mrs Murray:** Have you had any other discussions with the EU about fisheries enforcement post-Brexit? Have you had any discussions with the industry and the devolved Administrations? The Royal Navy is contracted to police the waters around Ireland, Wales and England at the moment, but the Scottish Fisheries Protection Agency looks after the waters around Scotland. Presumably you are having a dialogue with the devolved Administrations.

I am going to raise one other matter on behalf of my honourable friend here.

Theresa Villiers: There is regular contact between the enforcement authorities in the UK and France, and regular dialogue and discussions between officials on fisheries matters between the UK Government and the devolved Administrations. In fact, I met with devolved Ministers this afternoon, and fisheries was one of the important issues we discussed.

Q319 **Mrs Murray:** That is fantastic. One other thing with regard to Northern Ireland is the voisinage agreement. It is an agreement between the Republic of Ireland and Northern Ireland with a nought to six-mile limit where vessels could fish in each other's areas. The Republic of Ireland rejected that agreement through the courts, if my memory serves me correctly. It is a problem. We did not retaliate, so we now have a situation where fishing vessels from the Republic of Ireland are able to come into the UK territorial waters, the nought to six-mile limit, and UK-registered vessels are prevented from doing so in the Republic of Ireland.

I would not expect you to know the details, but could you give me an undertaking that you will look at this immediately to ensure we have like-for-like treatment please?

Theresa Villiers: I am very much aware of the issue, and I am more than happy to take it away and see that we are doing everything we possibly can to get fair treatment for our fishermen.



HOUSE OF COMMONS

Mrs Murray: Thank you very much.

Q320 **Chair:** Secretary of State, when you first made your statement you talked about how there could be some real gains from managing our own fish. The Norwegians, for instance, can close down overfished fishing grounds and open up others within hours. In the EU it takes a lot longer. I do not know whether in the future we will be looking at some of their methods of management. You talked about moving away from EU management to our own.

Theresa Villiers: Certainly, there are lessons we can learn from the mechanism used in Norway, the Faroes, Iceland, et cetera, as we shape our own fisheries policy. Being able to react more swiftly to changing circumstances is going to be an important aspect of a UK fisheries policy.

Chair: That will be one good environmental gain to be had from leaving the common fisheries policy.

Q321 **Dr Johnson:** Are the tariffs the Government published in March for the event of no deal going to be the same under the schedule or are they going to change? Are you going to stick with them or are you going to change them?

Theresa Villiers: They have been reviewed and we will be making an announcement shortly as to whether any changes are going to be made to that no-deal tariff schedule.

Q322 **Dr Johnson:** Thank you: so possibly. The previous Minister for Agriculture said that the tariffs set in March were designed to prevent a spike in prices for consumers, but did have an effect on farmers. Would you want the review to review the tariffs in a way that continues to support the consumer, that supports the farmer more or that is somewhere in between?

Theresa Villiers: I want to get the right balance between keeping prices low on the one hand and ensuring we do not expose our farming communities to unfair competition or unnecessary instability. That was the balance the previous Government sought to get with their no-deal tariff schedule. On balance, the compromise they struck was not a bad one. I know there is concern for us about some aspects of the tariffs, but it is the case that our farmers are given greater protection than many other sectors of the economy and it is also very important that we strive to prevent unnecessary increases in prices.

It is hard to get that balance right, but, when the no-deal tariff schedule is republished, whether it is amended or is broadly similar to the one that was published in March, its goal will be to get that fair balance. A set out in March, it includes some significant protections for agricultural produce.

Q323 **Dr Johnson:** So they might change, but the ones we have at the moment have no tariff. For example, there is no tariff on eggs that are imported into the UK but 19% tariff on eggs being exported from the UK. There is a similar difference in beef, with 45% coming in and 84% going



HOUSE OF COMMONS

out. What support will the Government provide and how will that compare to the numerical deficit an individual farmer might experience as a result of that tariff discrepancy?

Theresa Villiers: There inevitably are discrepancies between the tariffs on the two sides, partly because some of the EU's common external tariffs are very high, but I can give you two reassurances on that. The tariff schedule is a temporary one. When we have the announcement of what it will be, we will also be making it clear that it is to apply just temporarily. It is a chance to have a much broader discussion as to the appropriate level of tariffs. It is also the case that there will be an emergency review mechanism within the tariff schedule. If we feel there is unfair or excessive market disruption as a result of the no-deal tariff schedule, we have the option to make amendments prior to the six or 12-month period when the formal review has taken place and we move to a permanent tariff arrangement.

I am very much aware of the concern felt about eggs. I know there are concerns about mozzarella too. Those are matters we continue to look at carefully.

Q324 **Dr Johnson:** The tariffs on cereals, fruit and vegetables are also currently set at zero for import and higher for export, so it is going to affect quite a lot of the market. How far forward are your plans in mitigating those discrepancies for farmers? For example, what plans do you have to support the beef meat industry if you have a discrepancy of almost 40%?

Theresa Villiers: I would highlight that a number of the issues in the beef sector at the moment are not necessarily Brexit-related. We are doing intensive work on what sector support schemes might be appropriate in the event that we leave without an exit deal, so we are into WTO terms. It would be unwise to share those at this point since we cannot know the exact impacts on the market until we actually do leave, but, for example, we are very much aware of the concern felt in the sheep sector. Across the board, we will be carefully monitoring the impact of leaving the EU on the agricultural sector, and we are prepared to intervene where we feel this is appropriate.

Q325 **Dr Johnson:** As a last question, you do not want to explain the exact schemes at the moment, which I understand to an extent, but can you confirm that the schemes are on track so they will be ready on 31 October when we leave the EU?

Theresa Villiers: Yes.

Q326 **Alan Brown:** Coming back to my earlier question, if we are operating under WTO rules, with tariffs and most favoured nation status, which underpins WTO, can you explain clearly how this will specifically exclude chlorinated chicken imports into the UK?



HOUSE OF COMMONS

Theresa Villiers: We have law that ban the import of chlorinated chicken. It is on the statute book, so we do not have to admit it. Most favoured nation status means that you have to apply the same rule to everyone. No one gets to import chlorinated chicken into the UK, so it is not an MFN problem.

Q327 **Alan Brown:** It is the case that it does not come in just now because of the EU's agreements, but when the UK stands alone under the WTO rules is it not the case that chlorinated chicken will come in?

Theresa Villiers: No, under WTO you can apply restrictions on imports in terms of food safety, for example. So long as you do not discriminate between countries, there is no problem with applying those bans.

Q328 **Alan Brown:** Can I ask that the Secretary writes to the Committee and explains what law in existence on the UK statute book prohibits chlorinated chicken coming in and how this would work going forward? That would be very useful.

Kerry McCarthy: It is also about negotiating. It is one thing saying what would happen if we leave now, but we also need the reassurance that there will not be a change of position in any future trade deals.

Tamara Finkelstein: The law that is on the statute book is through the statutory instruments we have on the European Union (Withdrawal) Act. We have effectively taken the EU rules into our law. That is the basis of the Secretary of State's point about it being within our laws.

Q329 **Chair:** That means we can lay down our means of production, can we not? Those means of production will remain the same. We should be able to resist that production that does not meet that standard. I understand that is what you are meaning, is it not? You have actually transferred the system of production from the EU rules, and then they will be in British law. Is that right

Tamara Finkelstein: Yes, that is right.

Alan Brown: I am sorry. Could I get that clarified in writing so we can see how it works?

Q330 **Chair:** We will ask for that clarification.

While we are on poultry in particular—we will deal with beef and sheep in a minute when David comes in on Northern Ireland—the poultry industry is one of the most efficient in the world, but it works through tariff-free trade, especially with the EU. There is no subsidy for both eggs and poultry meat, and I am very worried about it. I understand, Secretary of State, that you do not want to put prices up for consumers, but you cannot expect us not to charge tariffs on imported chicken if our chicken is going to have tariffs put on it. It really will put poultry farmers out of business. We need those reassurances that you are aware of that.

I do not really want to bring the whole poultry industry into a subsidy support situation, but you cannot expect them to work with their hands



HOUSE OF COMMONS

tied behind their backs. That is the problem.

Theresa Villiers: I take that point. These are difficult decisions, but the last thing we want to do is to unnecessarily hike up prices at what is inevitably going to be a time of uncertainty for the economy. I can provide the reassurance that the no-deal tariff regime is temporary. If significant problems arise with it, we have the option of either sector support or an amendment to the tariff schedule, and we will consider both very carefully if we see the kind of disruption you are talking about.

Q331 **Chair:** The one plea I would make to you is, please, not to put those farmers and producers out of business before we have sorted it out. It can be really very fast. You can go into a loss situation very quickly. You can finish off businesses very quickly.

Theresa Villiers: Yes, and we will very much seek to avoid that, if we possibly can.

Q332 **David Simpson:** To continue on the whole issue about tariffs, Secretary of State, your predecessor said that unilaterally deciding not to apply tariffs to goods coming across the Irish border would certainly put the Northern Ireland agri-food industry at a disadvantage. Is that still your message to the Northern Ireland farmers and processors?

Theresa Villiers: We accept that there will be some disadvantages, and we are looking carefully at whether support mechanisms will be needed in Northern Ireland in particular.

Q333 **David Simpson:** It seems an irrational decision. If you take the dairy sector in Northern Ireland, for example, where a lot of milk moves from Northern Ireland to the Republic, that is going to be tariffed. In the Republic of Ireland, they can process all the cheese they want and send it back into Northern Ireland tariff-free. Competitively and economically, it is crazy. It is not achievable; it is not practical in that sense.

In the peak season, 7,000 lambs a week go from Northern Ireland to the Republic of Ireland; they are going to be tariffed. But lamb produce coming up to Northern Ireland will not be tariffed. We have 10,000 pigs a week coming from the Republic of Ireland to Northern Ireland. They will not be tariffed. That is ironic. The pig population will go into one of our factories in Cookstown, be processed for Dunnes Stores and then sent back down to the Republic of Ireland and tariffed. It is crazy. Economically, it is just not on.

To what the Chair has said, I think you spoke about a temporary process of six to 12 months. I am not holding you to that. Less than six months will do the pig industry. That would be devastating, never mind the lamb industry or the dairy sector. If it is like-for-like and reciprocated, that is a different story. We have been told that produce going into the Republic of Ireland from Northern Ireland will be tariffed and product coming from the Republic to Northern Ireland will not. It does not make economic sense to do that.



HOUSE OF COMMONS

Theresa Villiers: I am very much aware of the concerns of you and your DUP colleagues. I had the opportunity to discuss this with Diane Dodds and Arlene Foster just a few weeks ago. We have made compromises in relation to the no-deal arrangements for the Northern Ireland border. I appreciate the concern felt about them, but it is an important part of our ability to deliver on the promises we have made repeatedly to ensure there are no physical checks or no physical infrastructure at the border.

David Simpson: Yes, I appreciate that.

Theresa Villiers: There are undoubtedly disadvantages. That is one of the reasons why the Government are working extremely hard to secure a deal and to develop alternative arrangements to ensure that we have an invisible border but one that is compliant, respects the integrity of the single market and enables us to run a tariff regime in the future.

Q334 **David Simpson:** As you will know, the lamb industry in Northern Ireland exports 90% of its lamb. We will have a massive disadvantage if we are going into the European Union with lamb. It will devastate them.

Theresa Villiers: As I have said, in Northern Ireland and elsewhere, we recognise that the dependence of the sheep sector on exports to the rest of the European Union makes it particularly vulnerable. That is why we are looking at it closely for sector support.

David Simpson: Thank you. We will see whether the support will come. That is all right.

Q335 **Chair:** Secretary of State, the key to this will be speed. In terms of beef prices, farmers are probably losing £100 an animal already. This is before tariffs have been imposed. You could very quickly put farming out of business not only in Northern Ireland but everywhere. I will not talk about sheep at the moment, because that is Angela's question.

I know you do not want consumer prices up. As a politician, I realise people are 100% consumers and 2% farmers. I get that, but neither you nor I, nor anybody in this House, will want to put very good businesses out of business due to what is, in the end, really unfair practice. If you are being charged a tariff as you export and you are allowing all that to come in as imports without charging a tariff, you are standing there with your hands, your feet and everything else tied up, if you are not careful. Does Defra understand that it cannot fiddle while Rome is burning, because Rome will burn quite quickly once it is set on fire?

Theresa Villiers: You make a fair point. That is one of the reasons why we are closely involved in the discussions on the no-deal tariff schedule, and we are working very hard to ensure that, if we need to intervene to support aspects of the farming sector, those schemes are ready to go as soon as they are required.

Q336 **Chair:** You have assurances that they are being looked at.



Tamara Finkelstein: We can assure you about the capability and capacity both to do the market monitoring and to deal with sector interventions that need to happen. It is something we are ensuring we have the capability and capacity to do.

Q337 **Chair:** What we must not do—all Governments do this—is say, “Let us have a little look at it. Let us have a little report.” I do not want a load of messing about while people are going out of business. I can assure you that the world is going to get very hot then, and perhaps you understand that.

Theresa Villiers: I do. I would just reiterate a point I have made before. The current issues in the beef sector are not necessarily Brexit-related.

Q338 **Chair:** If you then had a tariff on beef going into Europe and not a tariff on the way back, it would exacerbate the situation. Would you agree?

Theresa Villiers: I hear what you are saying, yes. We are looking carefully at all these issues.

Q339 **Alan Brown:** Secretary of State, you mentioned that at the border there will be no physical infrastructure. The Government have always maintained that a technology-based solution will allow this invisible border. If we are going to end freedom of movement, which is a Government pledge, how do you have technology that checks people’s travel documents and checks customs arrangements on goods without as much as a camera at the border?

Theresa Villiers: At the heart of the proposals that the Government have been working on and that other groups like Prosperity UK have been looking at is distributed checks, i.e. checks that take place away from the border, largely at the premises of the exporter or the importer. That is a fundamental part of customs processes around the world, and with some flexibility we can adapt that to ensure that the appropriate checks and inspections are made and that none of them have to happen at the border.

Q340 **Alan Brown:** Yes, but Ireland is still going to have freedom of movement with the EU. Northern Ireland is going to have a common travel area. How do you end freedom of movement into Northern Ireland or into the UK, if you have an invisible border?

Theresa Villiers: While the debate continues to rage on how we deal with goods and food, there is a quite a broad consensus that the common travel area can continue as it always has done and that individuals can move just as freely across the border as they always have done.

With different immigration regimes in the UK and Ireland, as far as free movement is concerned, that gives rise to a degree of risk. People might come across the border on the island of Ireland without the appropriate visa for the United Kingdom, but there are already differences between Irish and United Kingdom immigration law, so that risk is already there.



HOUSE OF COMMONS

We manage it through co-operation between the authorities on both sides of the border.

Even those who are most pessimistic about the Brexit situation acknowledge that the common travel area is going to continue. If it slightly raises the risk of unauthorised migration through the land border in Ireland, that is a risk we can perfectly well manage without infrastructure or checks at the border.

Q341 Angela Smith: There is a great deal of concern in the sheep farming industry about a no-deal Brexit. My constituency has sheep farming, and I share the concern. The NFU has calculated that in a no-deal scenario the lamb price would come under significant pressure, with estimates suggesting a price cut in the region of 30%, which would put a lot of sheep farmers out of business. What aid are you planning to provide to farmers in the sheep sector to offset the damage from a no-deal Brexit?

Theresa Villiers: As I have said already, I acknowledge the particular vulnerability of the sheep sector if we were to leave without a deal. That is one of the many reasons why the Government are working energetically to get a deal. In the event that we do not, we stand ready to intervene to support sectors that are particularly negatively affected by a potential WTO exit. As I have said, I am not going to make commitments as to which sectors those will be, because that would be inappropriate before we know exactly what the situation is, but, going back to the Chair's point, we will be prepared to act swiftly, where we feel that sector support is needed.

Q342 Angela Smith: Last week, the Minister of State George Eustice told the House of Commons that the Government were considering two options for supporting sheep farmers. I am disappointed that you have not given that detail to us now, Secretary of State, but let us go on. The two options are a headage payment on breeding ewes and a slaughterhouse premium, in other words a supplementary top-up payment, for lambs at the point of slaughter. He indicated a preference for the first of those options. What is your preference?

Theresa Villiers: The headage payment is the more practical one of the two, yes.

Q343 Angela Smith: Where would the money to pay for it come from?

Theresa Villiers: The Government have set aside a substantial amount of money for Brexit preparedness and for a potential WTO exit, so it would come out of those Brexit funds, which have been allocated by the Chancellor, if we were to go down this road.

Q344 Angela Smith: I have a couple of other points to make around the impacts on the market, but, just to finish on this point, the Government are not minded to focus intervention on slaughter and effectively finding a means of storing the meat. The payment would be on headage rather than on slaughter.



HOUSE OF COMMONS

Chair: It would be an intervention payment.

Angela Smith: Yes, an intervention payment.

Theresa Villiers: I would emphasise that final decisions on which sectors to support and the exact nature of the support schemes have not been made.

Q345 **Angela Smith:** If you decide to choose a slaughter payment rather than the intervention payment, do we have the capacity to store the lamb once it is slaughtered? If we are propping up the price by slaughtering the lamb, do we have the capacity to store the meat?

Theresa Villiers: As I say, I am not able to go into detail at this stage on those kinds of issues, although the point you are raising would of course be another reason why the headage payment may be the easier and more practical option. It is premature to go into that level of detail on how a scheme might work when we have not yet made those decisions.

Q346 **Angela Smith:** Except of course that 31 October is looming, and it is the prime time of the year for slaughter for lamb. There is a significant increase in the number of lambs available for slaughter at this time of the year, so farmers would not agree with you that it is not time to provide the detail or the decision.

Theresa Villiers: I would prefer to look into those matters and come back to you on them.

Q347 **Angela Smith:** Thank you very much. Any market support scheme runs the risk of creating a perverse incentive to overproduction. I am old enough to remember the infamous butter mountains, the wine lakes and so on. How are you managing that risk? How are you going to mitigate the risk?

Theresa Villiers: We are looking very carefully at the type of sector support schemes, and mitigating those kinds of risks will be an important factor, not least in ensuring we keep the support schemes as affordable as possible for the taxpayer.

Q348 **Angela Smith:** I understand that, but I suppose I am asking for some detail about which mechanisms are going to be used to mitigate the risk to overproduction. Which economic levers are you going to use to manage the risk in relation to overproduction? This would effectively be a market intervention.

Theresa Villiers: As I said, we have not taken final decisions on the form that sector support would take but, whatever it is, we would be looking to mitigate the risks in terms of costs and in the way these schemes operate.

Q349 **Angela Smith:** What I am talking about is the perverse incentive to overproduction, not cost.



HOUSE OF COMMONS

Theresa Villiers: We will certainly want to be working to avoid perverse incentives to overproduction.

Q350 **Angela Smith:** How are you going to do that?

Theresa Villiers: I am not going to get into detail on these sector support schemes when we have not made final decisions on them and we have not announced them.

Q351 **Angela Smith:** When are you going to announce them?

Theresa Villiers: In due course.

Q352 **Angela Smith:** Are you going to do that in a way that gives plenty of time to farmers, and the industry generally, to prepare for the interventions you are going to introduce?

Theresa Villiers: We will. When we make the announcement we will be acting swiftly to provide intervention where it is needed. We will be working with the farming community to assist it in ensuring it gets the support it needs.

Q353 **Angela Smith:** It is a very good thing to hear that you will be working with the industry, but the point is that timely announcements are absolutely critical here. What would be timely? What is the latest date at which it would be sensible or, rather, essential to make sure that announcements are made and schemes are clarified and confirmed? When is the deadline for all this, before serious damage is visited upon the industry?

Theresa Villiers: We will be announcing any details of sector support schemes in due course. We are working intensively to ensure we are ready to intervene if we feel this is appropriate.

Q354 **Angela Smith:** "In due course" could be 30 October. "In due course" is a famous phrase in politics. It could be 30 October; that would be too late. Is it going to be sooner rather than later?

Theresa Villiers: I hear what you say. I can assure you that work is underway to design schemes to support vulnerable sectors in the event that we leave without an exit deal.

Q355 **Angela Smith:** It is against the law now but, nevertheless, it is worth asking the questions. Permanent Secretary, the Rural Payments Agency has struggled to make payments on time in normal circumstances. Leaving aside the question of whether it is right to go for a no-deal Brexit, is it deliverable without risking other payments to farmers?

Tamara Finkelstein: Do you mean specifically—

Chair: Around the introduction of a sheep premium.

Angela Smith: Around the intervention. I apologise.



HOUSE OF COMMONS

Tamara Finkelstein: We have specifically taken action to ensure we have additional capacity available in order to do an intervention, if such an intervention is required, specifically because the last thing you want is to not get the basic payments out, which would mean people were suffering in other ways. We have taken that action already in order, as the Secretary of State says, to be in the best position with the capacity to do what is needed.

Q356 **Chair:** Secretary of State, just for you, to reiterate what Angela has said to take away with you, a 45% tariff on lamb to be exported will mean the price of lamb will probably drop by a third at least. If you put a ewe premium on, if you are not careful, you will just increase the numbers of lambs born and decrease the price. Therefore, please also look at a premium. You also then create quality lamb. If you are not careful, you will just create quantity and not quality. It is a really serious issue.

It will depend on how long it lasts. If you make the payments and fairly quickly after we leave you get a deal with a tariff-free situation, it is probably not going to hurt too much at all with a ewe premium, but if you go into any length of time you will need a slaughter premium. You will probably also need some means of intervention to buy up the lamb, a bit like the Commission used to do. I am not really very keen on it, because you then have to put that out on the market again. All those things need to be looked at, and I am sure you are aware of that, as Tamara is, but could you just take that away?

Theresa Villiers: Yes, I will.

Chair: I will not press you for the actual decision on what you are going to do today, but, like I say, please look at the scenario.

Q357 **Dr Johnson:** Secretary of State, in April the UK was listed as a third country by the EU such that we could export things like meat and milk, but that only applied if we left on 2 April, the second of the potential exit dates. Now we are leaving on 31 October, am I correct that that approval needs to go through again?

Theresa Villiers: Yes.

Dr Johnson: What is being done to ensure that it happens?

Theresa Villiers: My officials are engaging with the Commission on these matters. We are also doing the preparation that is needed to ensure we are aligned with relevant rules, which was one of the conditions of the previous third-country listing. We remain cautiously optimistic that the United Kingdom will be listed. A meeting is due to take place relatively soon; I cannot recall the date.

Tamara Finkelstein: The meeting would be expected to be around the 17th, but the information will be provided before then.

Q358 **Dr Johnson:** The previous time it took several months to go through. Has this application been made in plenty of time?



HOUSE OF COMMONS

Theresa Villiers: Again, we are cautiously optimistic that we will get the third-country listing in time for exit day.

Q359 **Dr Johnson:** The other part of my question is about the geographical indicator foods, Scottish whisky, pork pies and things like that, which are specifically tied to an area of the UK. Can you confirm that these will continue to be recognised in the same way by the EU after we have left?

Theresa Villiers: We will continue to recognise our own geographical indicators, and UK geographical indicators are currently registered with the EU. Their recognition by the EU would not be affected by exit day. It would, though, be open to the EU to deregister those geographical indicators, but that would take some time. They have not indicated as yet that that is what they propose to do. The position immediately after exit day is that UK GIs continue to be protected in the EU.

Q360 **Chair:** As far as organic production is concerned, there has been a bit of a sticking point with the EU. Where are we on that?

Theresa Villiers: We stand ready and enthusiastic to have a conversation with the EU about organics. As a matter of practicality, there is no reason why our certification authorities should not be recognised. We maintain all the standards that the EU does.

Chair: Yes, and higher sometimes.

Theresa Villiers: Barriers to trade in organics largely would be politically motivated. The blockage here is that, while it is engaging on third-country listing, for the moment the EU is reluctant to engage on issues such as organics. We will continue to press it on that issue. We are also working with certification authorities here to get them ready to be re-certified by the EU as soon as possible, but we cannot rule out a possible period after exit day where it is no longer possible to market UK produce as organic within the EU.

Q361 **Chair:** Omsco, which is the big organic dairy company, exports a lot to America as well. It is really important that it gets that in. I do not know whether it will be affected by the situation with the EU. It depends on what the Americans recognise, but a lot of milk and cheese goes to America.

Theresa Villiers: I am not aware that the position with the EU affects it, but we will certainly investigate that.

Chair: It is just something to take on board.

Theresa Villiers: Yes.

Q362 **Alan Brown:** If there is a no-deal scenario, are British exporters ready for the necessary EU customs and animal health checks that are going to be needed at the channel ports?

Theresa Villiers: We are working intensively with the food sector to get it ready for the new certification processes it will need to fulfil in order to



HOUSE OF COMMONS

use the Dover-Calais route. A huge amount of Government activity is going into ensuring that we are ready to keep traffic flowing across Dover-Calais. We recognise that the SPS health checks are a critically important part of that and we have seen the expansion of capacity in Calais to deal with those kinds of checks. It is an area of risk in terms of business preparedness, so we are going to be working as hard as we can with businesses to ensure they can complete the checks that they need to do to get through the Dover-Calais route after exit day.

Q363 Alan Brown: Is there the veterinary capacity to do this?

Theresa Villiers: We have had a significant recruitment campaign to ensure we have more vets who are qualified to do this. That continues. We are also conscious of the need to up that in Northern Ireland, given the number of EHCs, the health certificates, that will be needed there. This is a strong focus of work for the Department at the moment, working with business.

Q364 Alan Brown: How many additional vets do you estimate are required to do these checks and how many have you managed to recruit to date?

Theresa Villiers: The number of new vets who have signed up to our scheme is about 800, I think.

Tamara Finkelstein: There are just over 1,000 vets who are available to certify animal products. We had a 50% increase since February. The sector feels quite confident about the numbers that are needed. It is very hard to make an exact judgment on how many we need, because there are lots of dependencies around that. The sector feels confident—it is the wider sector, rather than the Government, that provides the vets—that it will have the necessary vets.

Q365 Alan Brown: You are saying it is hard to make an estimate of exactly how many are required, but you have obviously made an estimate if you have been doing recruiting. What is your estimate of how many additional vets are required, and how many are in place compared to that target?

Tamara Finkelstein: The sector is confident about having enough in place. As I say, we have had a very significant increase.

Q366 Alan Brown: You are saying that there is enough capacity now.

Tamara Finkelstein: The sector believes there is enough capacity. It is very hard for us to know exactly how many will be needed, how that will work out and how the distribution is across the country, but all the action we have taken has made a significant impact on the number of vets available.

Q367 Chair: Is the system in place as well or ready? We have been looking at some of this.

Tamara Finkelstein: We made improvements to ensure we had a system in place at the end of March. That system is in place. We are keen



to move that on to a digital platform. That is much more about what goes on behind the scenes of what a user sees. That may not be quite in place for the end of October, but the system that is in place, which was what we had in place at the end of March, will be there. It is a high-quality and robust scheme for people to use. We will have in place the people we need in APHA to do the work around processing.

Q368 Alan Brown: What will you do if you have underestimated the required capacity? You are saying that it is difficult to estimate. If you underestimate the capacity that is required and you find it is not there, if we crash out of Europe on 31 October, presumably that means there are risks to exports and businesses. Has that been quantified?

Theresa Villiers: There are some risks but, as Tamara has told you, we have successfully recruited a significant number of additional vets. I would acknowledge that there are capacity issues in Northern Ireland as well, but we are working to provide DAERA with support to address that problem.

Q369 Alan Brown: It has been predicted that there could be delays at the channel ports, again if we crash out of Europe on 31 October. If there are delays at ports, does that mean that there is a risk to animal welfare in terms of these hold-ups and delays?

Theresa Villiers: We are working very hard to ensure that, in the event of a WTO exit, we keep the Dover-Calais route flowing smoothly. We are all very much aware of the challenges around that. We will take all the precautions necessary to ensure we safeguard animal welfare in those circumstances. It is worth remembering that any live animal journey has to be signed off from the start. I hope there will not, but if there were to be protracted delays on the Dover-Calais route, in the way the law operates at the moment, people would not get certification to start their journey in the first place. That will be a key way in which we safeguard against animal welfare issues arising in relation to the potential for Dover-Calais delays.

Q370 Alan Brown: What happens if journeys have already started? Clearly, some of the journeys to Dover take a bit of time. If journeys have already started and then delays build up at the port, how is the risk to animal welfare managed then?

Theresa Villiers: That presumably would only be a very small number of journeys, because if there are delays it is going to become quite obvious quite early on that there are delays. That could potentially have an immediate impact on whether journeys by live animals can be authorised in the first place.

Q371 Angela Smith: What is the assessment of the likely percentage increase in the requirement for export health certificates?

Theresa Villiers: These things are hard to predict. My understanding was about 300,000.



HOUSE OF COMMONS

Q372 **Chair:** Defra has done some figures, has it not?

Theresa Villiers: Yes.

Q373 **Angela Smith:** What is the likely percentage increase?

Theresa Villiers: I understand that it is a tenfold increase

Tamara Finkelstein: I do not have the figures in front of me.

Theresa Villiers: It is a very substantial increase.

Chair: We will have that in writing.

Q374 **Alan Brown:** The Food and Drink Federation has published 40 questions it believes are still to be addressed by the Government, but I will just pick up on one of them. This is to do with customs arrangements. They are asking whether approved registrations for the transitional simplified procedures still apply, or whether businesses will need to reregister, if we leave the EU in October.

Theresa Villiers: Sorry, the Food and Drink Federation is saying businesses will have to be registered for what regime?

Alan Brown: For transitional simplified procedures, TSPs, so that is to do with exports going out and into the EU.

Chair: I think the best thing is for Tamara to get a detailed answer to Alan on that one.

Tamara Finkelstein: Yes, we might get someone from HMRC to answer that question.

Q375 **Kerry McCarthy:** Can I ask about food shortages, rising food prices, that sort of thing, if there was a no-deal Brexit? Defra has said there would not be an absolute shortage of food, in that nobody would go without calories, I suppose, but there would be a reduction in availability and choice. Can you elaborate a bit as to what you mean by that? What is less likely to be available, and what will the impact on affordability be? It is one thing, things being in the shops, but if the prices go through the roof they might as well not be in the shops, as far as some people are concerned.

Theresa Villiers: First, I would emphasise that we are seeking a deal, so we hope that we do not have to be dealing with this scenario. In the event that we do leave without a deal, a huge amount of effort is going into ensuring the Dover-Calais route keeps flowing. Your question assumes, essentially, both of those have failed.

The exact impact on prices is hard to say, but we have acknowledged that, if there are significant delays on the Dover-Calais route, there may be more limited choice in relation to some fresh foods. Therefore, some fresh foods will be harder to get hold of than they normally are, but we have a very resilient food supply chain. Some 50% of what we eat in this



HOUSE OF COMMONS

country is produced here. We have significant markets outside the EU from which we also source food.

We believe the food sector is in a good position to respond to the challenges of a potential no-deal exit, but our first priority is to keep those lorries coming in and out of the Dover-Calais route, so it does not lead to the disruptions about which you are concerned.

Q376 Kerry McCarthy: As we heard with lambs, the timing of a no-deal Brexit now as opposed to a possible exit at the end of March would cause more problems for other food sectors, because there are lots of things we could grow in this country during the summer months. There is a greater reliance on imports once we get into the winter months, for salad produce, fresh fruit and veg, all those sorts of things.

Theresa Villiers: We are working closely with the food sector to ensure we are prepared for exit day. We feel strongly as a Government that, when it comes to Brexit, we just have to get on with it. Further delays are not the right way to go. People are fed up with this issue—

Q377 Kerry McCarthy: They will be more fed up if they cannot feed their families, will they not?

Theresa Villiers: In the reasonable worst-case scenarios we have looked at, the potential risk is that, for some fresh food, there may be somewhat less choice than there is at the moment. The more controversial stories about food shortages just are not predicted or part of the worst-case scenario.

Q378 Kerry McCarthy: It sounds like you do not really know.

Theresa Villiers: If there are delays on the Dover-Calais route, there may be more limited choice in some fresh produce.

Q379 Kerry McCarthy: Then, if you factor in possible stockpiling, obviously it is more difficult to do that on the very fresh produce, but you can have stockpiling and panic buying. Also, certain sectors will be able to get their hands on this food, but particularly if prices go up, if there is a shortage, where have you predicted that the burden will fall?

For example, the supermarkets and big shops have fairly robust supply chains, and I would imagine are in a position to do a fair amount of no-deal planning and reaching out to all the possible suppliers in the market. Will it be the smaller shops? What about public procurement? We have heard that school meals will be affected.

Theresa Villiers: Extensive work is going on across Government to ensure the public sector is prepared and has access to all the supplies it needs.

Q380 Kerry McCarthy: Will they get more money for school meals? There has been a freeze in the amount that schools are given in terms of free school meals, so the proportion spent on actually buying food has gone down



HOUSE OF COMMONS

and down in recent years. If food prices go up, will they be compensated?

Theresa Villiers: I am not aware of plans to change the funding arrangements for school meals, but the lead on those matters is taken by the Department for Education, not Defra, so you may want to direct the queries there. It is important that we all look at this situation in an objective way, because one thing we do not want to do is unnecessarily unnerve people and prompt the sort of stockpiling that, as you have correctly identified, could be disruptive in terms of access to a wide choice of food. People do not need to stockpile. Therefore, the debate has to be conducted in very measured tones, because we do not want to create a false impression.

Q381 **Chair:** I am sorry to interrupt. As far as I can see, if we are going to recognise EU standards and allow imports in, especially on vegetables and others, tariff-free, I do not see why those will not flow in anyway. I am more concerned about trying to export into the EU, because they will be there saying whether we can or not. Surely, if we say the imports come in and we recognise their standards, I do not see why Spanish lettuce and tomatoes do not come in all through the winter, if we need them.

Theresa Villiers: That is what we would expect. The anxiety about this issue is caused if there are blockages on the Dover-Calais route, which means it becomes more difficult to get stuff in.

Chair: Yes, actually getting it through the border.

Theresa Villiers: As I say, we are seeking to avoid that, first by getting a deal and secondly, if we do not get a deal, by keeping that traffic flowing. In particular, we are conducting an extensive public information campaign with the haulage sector and the food sector, to ensure that the lorries that turn up at Dover have the appropriate paperwork, so we do not see the blockages, we keep Dover-Calais flowing and we do not run into the kinds of anxieties that have been expressed about food prices and supplies.

Chair: Are you all right for about another five minutes?

Theresa Villiers: Yes, sure.

Q382 **Kerry McCarthy:** The Food and Drink Federation has asked for reassurances that competition law would not apply if they felt the need to work together to avoid food shortages. How do you feel about that?

Theresa Villiers: It is a BEIS lead, but it will be important. I am sure, if it is appropriate to apply the exceptions and exemptions from competition law to meet an emergency or a difficult situation, BEIS will do that. They would not take that decision at this stage, but I am sure they will give careful consideration to whether it will be appropriate, should the circumstances arise.

Q383 **Kerry McCarthy:** I get that BEIS does competition law, the groceries



HOUSE OF COMMONS

code, manufacturing, food manufacturers and all that sort of thing. But Defra is the lead department when it comes to food and people being able to get food on their table. As you said earlier, you have this food strategy coming out. Do you not speak to BEIS and say, "We can see these problems arising; we want to make sure people get food on their tables and farmers can export"? It sounds like you are rather detached from BEIS and saying, "If they feel the need, they will do something", as opposed to making representations.

Theresa Villiers: No, we keep in touch in BEIS. There is a huge cross-Government effort going into discussing and debating these things. Perhaps I can reassure you. Competition law clearly provides that, in difficult situations, it is possible to suspend the rules to enable more contacts between businesses than would normally be allowed. I can also provide the reassurance that I am sure, if BEIS believed such a suspension of normal competition law rules was required, in the context of food supplies following a WTO exit, that is exactly what it would do. It has had the application from the food sector; I am sure it will be considering that carefully. If appropriate, it will make the appropriate exemption.

Q384 **Kerry McCarthy:** I am asking whether you have taken a view and made representation to your colleague in BEIS about this.

Theresa Villiers: As you would expect, Government Departments do not disclose their debates with one another in Select Committees. This is a BEIS decision. It is constrained by law. As I say, I am sure BEIS will look very carefully at the issue. If any exemptions from regular competition law rules are needed, I am sure they will proceed to grant them.

Kerry McCarthy: I am not sure you cannot tell us whether you have made representations to another Government Department, and I would urge you to speak to the Department for Education as well about the standards of school meals dropping, but we will leave it there.

Q385 **Chair:** On the suspending of normal rules, when we are buying and appropriating food for our schools and hospitals, we are down to competitive tendering. There could well be an opportunity to make sure more British food gets in, in those scenarios, because that will help the whole situation. Government may not have to support prices so much in the agricultural field. I do not know whether you are giving that consideration.

Theresa Villiers: Yes. One of the outcomes of our current situation is potentially a greater dependence on domestically grown food, so there are opportunities as well as challenges for our farming sector.

Chair: We need to embrace those. I have been keeping on about it for a very long time.

Q386 **Angela Smith:** There are two parts to this. First, what do you say in response to the chemicals industry, which has said that your current plans for chemicals registration post-Brexit are unworkable, unrealistic



and costly?

Theresa Villiers: We are determined that we will have a functioning chemicals regulation regime in place for exit day. I appreciate how important the chemicals industry is to our economy, and to many other parts of the economy as well. We are confident that we will have our scheme ready for exit day.

Q387 **Angela Smith:** It is still seen as costly. Will it still be costly? It may not be any longer unworkable or unrealistic if it does materialise, but will it still be very expensive? I have heard that, for instance, imports of products could be hugely expensive because of the number of chemicals in them.

Theresa Villiers: We will certainly do our best to keep the costs as low as we can for business, and we are working with Government colleagues in BEIS to secure that.

Q388 **Angela Smith:** I have heard figures of £30,000 per chemical.

Theresa Villiers: I would not recognise that figure, but I can assure you that we will work as hard as we can to ensure that, while we do everything to have a rigorous regime for regulating chemicals, we keep the burden of that regime on the chemicals industry to a minimum, in terms of cost.

Q389 **Angela Smith:** Secondly, the country was reassured in early March, when it looked as though we were facing a no-deal Brexit then, that chemical supplies for water were secured, but it is now October. Well, it is September, actually, but we are looking at 31 October. Things have changed. Are we still prepared for securing and storing enough chemicals to make sure our water is safe, if we crash out on 31 October? I think we deserve an update. It would be nice to have an update on the record.

Theresa Villiers: Yes.

Q390 **Angela Smith:** You are confident.

Theresa Villiers: Yes.

Q391 **Angela Smith:** Permanent Secretary?

Tamara Finkelstein: As the Secretary of State says, the water sector, which we work with very closely, is confident. We work with them very closely. There are issues, and we can work with them on those, but they are confident.

Angela Smith: They are confident. Okay, that is fair enough.

Q392 **Dr Johnson:** It is nice to move away from Brexit for a moment, for the last question, and ask about the regulation of water pollution and reservoirs. Criticism has been made in the last couple of months about how the Environment Agency does that, and comments from its leader on whether it is adequately resourced to do so. What are your comments on



HOUSE OF COMMONS

that?

Theresa Villiers: About the regulation of reservoirs, following on from Whaley Bridge?

Dr Johnson: Yes. Tony Juniper has suggested that the Environment Agency is inadequately resourced to do that. What is your view?

Theresa Villiers: We believe the Environment Agency has the resources it needs to fully regulate reservoirs, but we are conducting a learning exercise and independent review of the lessons learned from Whaley Bridge. We would look forward to the recommendations in relation to reservoirs around the rest of the country.

We have seen nothing so far to suggest that the Whaley Bridge experience indicates there are safety issues in relation to reservoirs of which we are not aware, but you make a very important point. It will be vital to ensure we continue to properly regulate our reservoirs in terms of safety, and that the Environment Agency is resourced appropriately to do that.

We received a 3% increase in our budget at the spending round. Our resource budget is over £2 billion; it is the highest it has ever been. It is 27% larger in cash terms than it was at the last spending review, and we will reflect that in the resources we give to the Environment Agency to carry out its vital functions in this regard.

Q393 **Chair:** Thank you, Secretary of State. As a final question, the Agriculture and Horticulture Development Board is funded by levies from both sheep farmers and beef farmers. There is a report coming out. This question is probably best placed to George Eustice, but I take it this report, Permanent Secretary, is ready to be released, and we do not seem to have it. The farmers want a much more hands-on approach to promoting beef, sheep and other meats across the globe. I am wondering where this report is. Have you any idea?

Tamara Finkelstein: It is in train. I am not sure exactly what stage it is at, but it is an ongoing review.

Chair: It is just that we are pretty sure it is in a drawer somewhere, and we are waiting for it to come out, so the sooner the better. We want to know a direction of travel for promoting our great British meat across the world, which will be very important in the brave new world in which we find ourselves. We look forward to seeing it as soon as possible.

Can I thank you, Secretary of State? Your voice has held out. I am very glad that you were able to come today, because if you had come tomorrow it would have been too late. Parliament would have finished for the time being.

Thank you very much for coming. I am glad we have been able to facilitate you. I hope your voice recovers; I felt your voice got a little



HOUSE OF COMMONS

stronger as we went along, actually. Having such a wonderful time at the Select Committee was obviously good for your voice. You do not have to agree with that, Secretary of State, but thank you very much. Permanent Secretary, thank you very much for attending as well.