

International Trade Committee

Oral evidence: Trade in seafood: exports in a no-deal scenario, HC 2683

Tuesday 8 October 2019

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Watch the meeting

Members present: Angus Brendan MacNeil (Chair); Emma Little Pengelly; Faisal Rashid; Gareth Thomas; Matt Western.

Questions 1 - 120

Witnesses

I: Terri Portmann, Marine Consultant, David Jarrad, Director, Shellfish Association of Great Britain and Andrew Kuyk CBE, Director General, Provision Trade Federation, representing the UK Seafood Industry Alliance.

II: George Eustice MP, Minister of State, Department for Environment, Food and Rural Affairs, Phil Haslam, Director of Operations, Marine Management Organisation and Fiona Wright, Head of Regulatory Affairs, Seafish.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



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Examination of Witnesses

Witnesses: Terri Portmann, David Jarrad and Andrew Kuyk CBE.

Q1 **Chair:** Good morning, panel, and thank you very much for being here before the International Trade Committee for our inquiry into trade in seafood exports in a no-deal scenario. Please introduce yourselves for the record.

Andrew Kuyk: Good morning everybody. My name is Andrew Kuyk. I am Director General of the Provision Trade Federation, which is a food trade body. We also act as the secretariat for the UK Seafood Industry Alliance, representing processors and traders in fish.

David Jarrad: I am David Jarrad, Chief Executive of the Shellfish Association of Great Britain. It is a membership-based trade association that has been going for over 115 years, representing the interests of all shell fishermen and the supply chain within the UK and abroad.

Terri Portmann: Good morning. My name is Terri Portmann. I am a marine consultant, but I suspect my invitation to your Committee today is because I have 20 years' experience of exporting mackerel, cuttlefish and, mostly, scallops to the EU.

Q2 **Chair:** Thank you. To kick off as a scene setter, how many jobs are associated with the export of seafood? Also, what are the preferential trade terms that UK seafood benefits from in respect of both the EU and non-EU countries?

Terri Portmann: In the follow-up session, you have someone from Seafish, the industry organisation that collects the data. My colleagues here may have an idea of how many people work in the seafood sector, but Seafish is probably best placed to answer the question about jobs.

Q3 **Chair:** What are the terms of trade and benefits from UK exports to the EU?

Andrew Kuyk: I can answer briefly on that. While we are still members of the European Union, our trade is completely free and frictionless—free, meaning free of tariffs, and frictionless because we have complete regulatory alignment. There is very little in the way of paperwork, checks or controls. Sending something from, say, Plymouth to Boulogne is the same as sending it from Plymouth to London. Effectively it is free and frictionless.

In a no-deal scenario, we would become, in the jargon, a third country, from one day to the next day, and we would face not only the full EU external tariffs—we will come in a minute to what that would mean in monetary terms—but we would also have to comply with all the regulatory controls applicable to third-country imports. That is things such as health certificates, which have to be signed by veterinarians. In the case of fish, it would mean having catch certificates as part of methods to combat illegal, unregulated and unreported fishing. There would have to be export declarations. In the case of fish and other animal



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products, consignments would have to go through a designated border inspection post as well.

There would be problems on both sides—the tariff side and the regulation side. Just for good measure, there would be additional regulations applying to drivers and haulage companies; they would need different permits from the ones that they have now. Seafish will provide you with more data later on. It is publicly available. As a ballpark figure, roughly 80% of UK catches are exported and by far the biggest market for that is the EU.

Some exports go to other destinations. Quite a bit of salmon, for example, goes to the United States and some shellfish and some other things go to China and non-EU markets. Colleagues here are much more knowledgeable about that than I am. However, in relative terms the volume is quite small compared with the vast majority that goes to the EU.

Q4 Chair: This is a data question that might be for Seafish, but how many lorries a day or a week are crossing to the Continent and how many lorries a day or a week could be processed?

Andrew Kuyk: Terri Portmann has more information about what it means for lorry movements.

Terri Portmann: I have been trying to get some good statistics on this, and I have struggled. The export industry consists of lots of little silos; businesses in competition with one another. Government have not been clear about how many lorries. I heard mention in Parliament of a figure of 70 lorries of seafood products passing each day between Dover and Boulogne. I do not know if that is true. If the current plans came to fruition—that is the big question—even if these border inspection points that are currently not in place but allegedly are due to happen do come online on 1 November, they are not going to be big enough or staffed well enough to handle the amount of seafood that is currently going through Dover, Calais, and potentially other ports.

Q5 Chair: What does that mean?

Terri Portmann: We have some historical experience of this. When there has been bad weather, snow, or when there were problems with cold weather in 2014-15, we saw short delays in the frictionless trade. What happens when your goods arrive in Boulogne, and they have missed the onward connection for transshipment to the different markets—Venice, Milan, Spain, Paris, wherever—is that once you have missed that cut-off time on a particular day, your goods can be sitting there for another two or three days. If the exporters are not able to export their fish, if these barriers, which will mostly be about bureaucracy rather than the tariff, stop the exports from arriving on time, the exporters do not go back to the auction the next day and buy their seafood products. You could realistically be looking at the UK fishing fleet, certainly the fleet that is catching exportable product, being tied up



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within 48 hours of a no-deal Brexit because exporters will not be able to continue to buy when their goods are not getting through.

David Jarrad: Could I add some figures for you?

Chair: Please do.

David Jarrad: These are Government statistics: total exports, 2018, £1.2 billion, of which shellfish is very roughly £600 million. Pretty much half the value is shellfish, and of that £480 million went to the EU, which leaves only about £100 million going elsewhere.

Q6 **Chair:** Is that broken down by frozen and live?

David Jarrad: No, that is for all shellfish. You asked how many lorries. Very roughly, for 90,000 tonnes, if a lorry has 20 tonnes on it, that is 4,500 lorries annually. That is just for shellfish. We are talking about big business and a large number of individual consignment exports.

Q7 **Chair:** Your businesses are dependent on the French, primarily, being organised to give you the paperwork and process it.

David Jarrad: Absolutely, and one of the great concerns within the industry at the moment is about the border inspection posts. The idea of border inspection posts is fine. Currently there are only something like nine border inspection posts in Europe that are allowed to take products of animal origin. There will be, and there should be, about 60-plus, but they will only be able to take products of animal origin when they have applied to, and been approved by, the Commission. Currently, Government are saying to the industry that they need us to get ready for a no-deal Brexit and the industry is asking, "Where can we send our products? Which ports?" and the answer is, "At the moment, we don't know".

We happen to know, from the French Embassy, that a decision on French border inspection posts will take place this Friday. The embassy is attending a workshop that the Shellfish Association is running next week to tell the industry which ports we will be able to use, because not all border inspection posts will be able to take all produce. Some will be for live product, some will be for fresh and chilled and some will be for frozen. They will not all be able to take everything. It is quite difficult for industry to get ready. It is like a footballer taking a penalty without knowing where the goalpost is. It is very difficult to kick the ball.

Q8 **Faisal Rashid:** You are happy to take it, but you don't know where to kick the ball.

David Jarrad: Exactly.

Q9 **Faisal Rashid:** Very quickly, a comment rather than a question. You were talking about the fisheries imports and exports and there are lots of other large industries that will be in the same position. Do you think preparation for a no-deal scenario should have been done a long time ago rather than just now?



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David Jarrad: To be fair to the UK Administrations, it is not for the UK to apply to the Commission for French border inspection posts. That has to be done by the French. The original list of 50 or 60-odd was approved for the March deadline and then the April deadline, but that approval has disappeared and they have to reapply for the October deadline.

Q10 **Chair:** The French have taken back control, or not, as the case may be.

Andrew Kuyk: In response to the question at the start, the particular rules around border inspection posts apply only to products of animal origin, which include fish. If you were taking industrial parts, you would not have to go through a designated border inspection post. But one of the problems, of course—I don't know the exact number of lorries, but even if we are talking about a few hundred out of the thousands that go through the short strait every day—will be that when there are other lorries in the queue but you have a perishable, time-sensitive cargo, it is very difficult to find a mechanism for prioritising it. Even though some of the checks on the non-food things may be slightly less onerous in relation to health certification, there will still be rules around the driver permits, the lorries themselves and so on.

You could still get hold-ups unrelated to food but that have consequences for food, because of food's short shelf life, and particularly with live products. I am trying to explain how you are not looking at a single stream of fish lorries. They will be part of bigger streams of traffic and it will be very hard to distinguish and to prioritise them within the streams.

Q11 **Faisal Rashid:** We are going to move on, because we have lots of questions. I will move on to documentation. If there is a no-deal Brexit, seafood exports to the EU will need a catch certificate and also an export health certificate. Is that right?

Andrew Kuyk: Yes.

Q12 **Faisal Rashid:** Is that for every consignment?

Andrew Kuyk: Yes.

Q13 **Faisal Rashid:** As well as a processing statement for processed fish, and a storage document for fish that has been stored. How ready is the industry to deal with this issue and what it entails?

Andrew Kuyk: Terri Portmann.

Terri Portmann: I think you have probably got the message—industry is ready, but it is also waiting to see what Government do. For example, Government have been responsible for creating catch certificates that would comply with EU regulations and be able to accompany our goods, which could still be exported to the EU when the UK is a third country. The problem is that on the face of it, it looks as if the UK's effort at a catch certificate is not compliant because the system only checks whether or not a particular fishing boat is licensed in the UK. It does not check the catch. The EU regulation is designed to stop illegal fish entering the market.



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What should happen is that the products that a certificate is listing and alleging were caught by a particular fishing boat should be crosschecked by Government, or a competent authority, before the certificate is issued. The UK system does not currently do that so there is a real risk—not least because the EU has been investigating the UK's catch recording data and how it validates its fishing data for a number of years, so it is fully aware more broadly of holes in our system—that in a no-deal Brexit, where our neighbours want to be less than helpful and merely enforce their regulations in a competent way, our exports could be stopped overnight because the catch certificates do not comply.

Andrew Kuyk: There is another issue. There is now a reasonably good level of awareness. I think the list of items that you read out is now known, but the problem is the step change in scale. Most people will not have had to deal with any of that paperwork before because, as I explained in my original answer, trade to EU at the moment is free and frictionless. For example, the export health certificate has to be signed by a veterinarian. Will there be enough vets available to sign the quantities of certificates? When we are talking about the quantities, it is in orders of magnitude different from what is needed now.

Also, back to fish, it will be very time sensitive. This is a real-world example. I am less versed in this than my two colleagues here, but you might be sending fish, say, from Northern Ireland on a land route across the short strait and you have to have that signed off by the vet before you load the lorry. You then have anything like 24-plus hours transit time. You might normally be loading the lorry and sealing it at 2 am or 3 am. Will you be able to get a vet to sign the bit of paperwork in time with your normal schedule?

Q14 **Chair:** Where? At the point of landing?

Andrew Kuyk: No.

David Jarrad: To clarify, the environmental health certificate can be signed off by an environmental health officer through the local authority or an official vet, if they have product approval. The vet who looks after your daughter's pony is not going to be able to do it, but someone who looks after your daughter's pony and has gone ahead and done further education and learning on other produce will be allowed to sign a certificate. But the majority of environmental health certificates are written by local authorities. The concern is, as Andrew Kuyk says, that the volume they will be required to process is going to go up from hundreds in the year, nationwide, to many hundreds of thousands. Local authorities that I have spoken with have said quite simply, "We don't have the capacity. We don't have the manpower".

The big issue I have with this is the fact that there is no mandated requirement for local authorities to sign certificates. They can quite easily say, "Sorry, too busy" and that is a threat to the sector.

Q15 **Chair:** Last night I was watching a BBC programme and there was a boat



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due out of Loch Fyne on the west coast of Scotland, going out of Inveraray. There was no sign of a vet locally or, if there is a vet, perhaps not one who is marine trained. They were catching langoustines, which are landed and go on to a lorry. When is the vet involved, between the boat and the lorry?

David Jarrad: At the point at which the exporter aggregates the load and that lorry goes off to its destination airport. There are crabs, for example, that go from your area in the Western Isles—

Chair: To China?

David Jarrad: Yes, to China, via Heathrow, and the certificate is signed at Heathrow. Sometimes, in the same area, it is the local authority in Dingwall that comes out and signs the certificate at a particular point. Where they meet, I don't know, but they come out and look at the consignment, sign the certificate, and off it goes on its way.

Q16 **Matt Western:** On that point, you were saying that most of the sign-off is done by the local authority, but there is an issue there with capacity in the local authority. Am I right in thinking there is also going to be serious pressure on the capacity and availability of vets? One of the points there is that we do use a lot of vets from eastern Europe for this kind of verification.

David Jarrad: Yes.

Andrew Kuyk: I think that is true. As with any system, you have the resource required for the particular set of circumstances. We do not have lots of vets in reserve for this purpose because we have not needed them up until now. There is a step change in the requirement. You are perfectly correct in saying that many of the existing vets for the existing requirement, which is much lower, are non-UK nationals who may or may not wish to carry on and operate, let alone that they will need a lot more colleagues to join them to meet the new numbers required.

Terri Portmann: At the DEFRA roadshow, which has been going round the country trying to help export businesses get ready, we were told that they have trained 1,000 vets. Government funding was used for that. We are not sure about where these vets are. What we hear locally in the south-west is that although Government may have spent money—an investment in training these vets—they have not set a tariff, so some local authorities are offering the service and some are not. There is no cap on the price. If you have smaller exporters sending to smaller customers, £150 for a vet certificate, on top of all your other costs for perhaps a 100-kilo shipment, is a new big overhead, even if you can access it.

David Jarrad: There is currently a huge variation in local authority charges. They are only allowed to charge cost recovery, but some local authorities charge £25 for a certificate and the most expensive one I am aware of is £180 in the south-west. However, vets in private practice



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charge more—one of our members in north Wales was quoted £800 for a certificate. This is getting crazy, unrealistic.

- Q17 **Chair:** To be clear, you have a fisherman and a merchant. The fisherman will catch, land it to the merchant and the merchant then exports the product. Faisal Rashid mentioned in his question four items: a catch certificate, an export health certificate, a processing statement and a storage document. Let's say, talking about shellfish for the moment, we have caught a lobster or a langoustine in a creel, it is taken aboard a boat and it is now on its journey, so the journey has started. Where do these bits of paperwork kick in? If there are multiple pick-ups from different boats, perhaps in different small ports, to fill an artic lorry—I am talking about very small ports; there is a pier and that is the port—how does that work?

David Jarrad: There is no simple answer, I am afraid, as you would imagine. You could have a consignment of live shellfish that is made up from a number of boats. That consignment will have to have a number of catch certificates because each catch certificate is applicable to the particular boat that made the harvest.

- Q18 **Chair:** That may not be compliant with the European Union?

David Jarrad: Yes. That whole lorry will potentially, if it is going to one destination, have one environmental health certificate. The processing document and the storage statement will not apply to that particular consignment because it is going live.

- Q19 **Chair:** That consignment would need just two pieces of paper?

David Jarrad: That lot would just need two pieces of paper, yes. If, however, the product goes to a factory and is then processed into cooked crab claws or dressed crab or whatever—

Chair: Or even frozen haddock.

David Jarrad: Correct. It would then have to have a processing document.

- Q20 **Chair:** Who issues the processing document?

David Jarrad: I think I am right in saying the storage document is only relevant if the product is imported into the UK, stored, and then potentially processed and re-exported. Is that right?

Andrew Kuyk: I think so, yes. Some of these supply chains are quite complex. That is the exhaustive list, but what David Jarrad is saying is that not everything would need all of the above. Separately from that, however, the lorries would need their own paperwork, which would be different from the paperwork that they have now.

- Q21 **Chair:** If you are in a fish factory, gutting, cleaning, blast freezing the haddock, who issues the processing certificate for that?



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David Jarrad: It is through the Marine Management Organisation portal for applying for the processing document if one is required. The portal for generating that document is quite good, just like the portal for the catch certificates. It is quite efficient and it works well. Whether it is appropriate, as Terri Portmann said, is a different matter, but I think the process of applying for all these things is understood. I believe there is a section of the industry that still has its head in the sand on all of this, partly because people just do not know which way we are going to be jumping. The process for applying for these things is there. The ability to achieve them, particularly the environmental health certificates, is a very great concern.

Q22 **Chair:** Of the four areas, live shellfish will have two processes. There are more for lorries. What can go wrong in this system? Is it going to run quite smoothly? Before we get to the French border inspection, is there anything that could go wrong? For instance if the local authority person does not turn up, if you cannot get a vet—

David Jarrad: Absolutely. It is the availability of the local authority staff to come at an appropriate time. Bear in mind that, as we saw on the programme on BBC Four last night, worldwide trade takes place 24 hours a day and if a lorry needs to leave at 4 am, is the local authority in the Highland Council going to send someone out to sign the certificate at 3.50 am because that lorry needs to get to Heathrow at a particular time? That is the area of concern.

Q23 **Matt Western:** I want to come back to the point about the EU border inspection posts. Mr Jarrad, you spoke about this earlier. Can you elaborate on what you see are the issues at those border posts? You talked about the capacity issue, but perhaps there are other issues or problems.

David Jarrad: For now it is quite simple. The concern is about delay. All fresh produce is time sensitive. Live shellfish is very time sensitive. Lorry loads of dead and dying lobsters are not good news. According to the Government website, there are currently nine border inspection posts, only two in France—Dunkirk and Le Havre. There are, however, lists and lists, another 67, of posts that are yet to apply and be approved by the Commission.

Q24 **Matt Western:** Why is there going to be an increase? Why have those posts not been in place before?

Andrew Kuyk: Should I take that question? It is simply because we will become a third country, from one day, for these requirements, plus the tariffs. The simple answer goes back to my earlier point that you have the number of vets that you need to meet the present pattern of supply and demand. It is exactly the same with border inspection posts. Products of animal origin face quite high tariffs coming into the EU from outside if you do not have trade deal with the EU. In the case of dairy or meat products, we are talking about tariffs of 50%, 60%, 70%. The tariffs for fish are slightly lower. Logistically, you are not going to get much live shellfish sent from further-flung parts of the world.



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They have had as many border inspection posts, which are only required for imports of products of animal origin, including fish, from third countries, for the previous volume of trade. What is changing here is that we, a country on the doorstep, which has never needed this process before, suddenly needs it from one day to the next. You have a huge step change in volume from one day to the next.

Q25 **Matt Western:** I understand, but you are saying that these 67 additional posts, or these first nine, will be introduced purely because of the UK?

Andrew Kuyk: The posts that David Jarrad has referred to are the pre-existing ones, but they will need to build many more.

Q26 **Matt Western:** Where will they be?

David Jarrad: All over. A lot of airports have them—Nice, Cologne, Hamburg, Lyon, Shannon, Rome, Turin, Pisa. Then there are the seaports. Each one of these border inspection posts will be allowed to take different things—live animals, chilled or frozen produce—and not all of them will do everything.

Terri Portmann: The UK has built its seafood export trade using two or three routes. The main route is Dover to Calais. A lot of vivier lorries go out with live crab and shellfish from my hometown, Plymouth, to Roscoff. Those ports were not border inspection points because they did not need to be and they did not have their own container movements. You will see that the current border inspection posts will usually have had some type of container shipment going through them.

The problem we face is that with potentially just of couple of weeks to go to Brexit, we are relying on the goodwill of the French and the EU to designate the border inspection posts. In a worst-case scenario, the French decide not to designate Calais/Boulogne as a border inspection post and there is no plan B. According to the main groupage haulier, which moves between 50% and 70% of the seafood goods sent together on lorries by lots of different customers, Dunkirk is a possibility that is currently a border inspection point. But none of these issues can be resolved by the UK Government. It is for the French to decide where they put their border inspection posts.

However, our Government does not seem to have a plan B. For example, perhaps we could start looking, or the Government could be looking, at the different routes that could still be used—into Rotterdam or Dunkirk—working collectively with the industry to let us know that there is a plan B for a no-deal situation, where the French decide, for example, that they do not want to create border inspection points.

I go back to a point I made earlier. If there is any delay to these goods and exporters are not able to ship to their customers, the knock-on effect will be that the UK fishing fleet is tied up. Wouldn't it be an irony that the UK fishing fleet, which loyally voted almost unanimously for Brexit, was tied up because the Government did not help, did not intervene to make sure that the exports the fleet so heavily relies on could continue? If the



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ambition of Government through this process has been to create a catch certificate system that we hope nobody really gives too much scrutiny to, to train 1,000 vets who are not really accessible or in contact with the industry, the Government have been successful in their planning.

I would respectfully suggest, however, that they need to raise their aspirations. It is time to recognise that there is a role for Government to play here. Individual businesses that are in competition with each other cannot do this by themselves. They need the support of Government.

Q27 **Matt Western:** With three weeks to go, you would say it is a shambles.

Terri Portmann: I would say that is the understatement.

David Jarrad: It is certainly a confused situation. It has to be accepted by Government and industry that we have enjoyed many years of free trade with the EU, that that is going to come to an end, and the business models that have been created over the last decades will not fit with the new regulatory regime. Similarly, the regulatory regime will not fit with the business models we have in the UK. Therefore, there will be some casualties, and I do urge Government to look at emergency support for those casualty areas.

One particular example is the export of live shellfish from around the coast, which are put on vivier lorries. They are lorries with tanks inside them. The lorries go round the coast, collect crab and lobster and take it abroad. The lorries will not be able to get an environmental health certificate because they do not have an approval number. Why do they not have an approval number? Because they do not have a premises. Their business is their lorry, so they cannot get an approval number and, therefore, cannot get an environmental health certificate.

Q28 **Matt Western:** How much of the industry is as you describe it?

David Jarrad: I would not like to say how much. I think we are talking of 30 or 40 companies that have developed this method.

Q29 **Chair:** Some might have an office located in Spain, not in the UK, and use their lorries when they come over. Would they be able to use their Spanish offices to get their environmental health certificates?

David Jarrad: No. They have to have a UK approval number issued by the local authority.

Q30 **Chair:** That is a big problem.

David Jarrad: It is a big problem for those people.

Terri Portmann: These are all big problems.

Q31 **Chair:** I am cutting in for just a moment. I think you said 90,000 tonnes of shellfish per week.

David Jarrad: That would be a minimum, based on the number of 20-tonne lorries.



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Q32 **Chair:** That would be 86 lorries. Would they all be vivier lorries?

David Jarrad: No.

Q33 **Chair:** Roughly what would the breakdown be for vivier lorries transporting live shellfish?

David Jarrad: I would guess, and I apologise because it has to be a guess, that only 50% would be live and of the live catch—and I am talking about only shellfish—probably 50% of that, so 25% of the total, will be carried in vivier lorries.

Q34 **Chair:** You said the vivier lorries may not be going at all because they cannot get an environment health certificate.

David Jarrad: No, only vivier lorries that have been set up by businesses that do not have industrial premises.

Q35 **Matt Western:** You cannot estimate what proportion of the total that is?

David Jarrad: We have covered that.

Matt Western: No, just asking.

Q36 **Chair:** Can the 86 lorries a week that are going through be processed? Are the current inspection posts there to process them? How long will it be for the European Commission to approve the other posts that Matt Western raised, given we have three and a half weeks to go?

David Jarrad: I don't know. The French Embassy says it is applying to the European Commission for their BIPs this Friday, or they will be getting an answer this Friday.

Q37 **Chair:** How long will it be for the Commission to say this is now operational?

David Jarrad: We do not know that. I cannot tell you.

Terri Portmann: I can probably add to that. There has been some preparation in Boulogne. We were told at the roadshow briefings that there would be eight bays in Boulogne available for fresh product inspection and that they would be manned at two different times in two different sessions. One briefing said from 5 am to 1 pm, another said from 8 am to 1 pm. However, on the basis that each lorry would have to be unloaded for the number of boxes to be counted and inspected, the best estimates are that that amount of facility could perhaps deal with 15 to 20 lorries a day. One presumes that if the French wanted to be helpful, it might be more. If they wanted to not be helpful, it would be considerably fewer. What is clear is that it is not enough for the current trade that passes through those routes.

David Jarrad: Another issue, another concern, is with import agents and their customs declarations and other documentation. HMRC says strongly that we, the industry, need to find customs agents to help with this—that we could do it ourselves—but it would mean downloading software and so on, which most small and medium-sized enterprises do not wish to do.



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However, customs agents do not have the capacity to take on any more work. They are already too stretched. It is a commercial opportunity and I am sure that at some point, there will be more customs agents, but on day one it is going to be a problem.

Andrew Kuyk: It is the same problem; the existing infrastructure and systems have been developed to deal with the existing trade flows. If you have a difference in the regulation, difference in the volume requirement for these things, it will take time to gear up because there has not been surplus capacity just waiting for this to happen. It will have to be created. Then, when you get back into the economics—we have not mentioned tariffs, we are talking here about the friction side, not the free side—if in addition to all those extra costs around the regulatory side you face a 10% or 15% tariff on the product on top of that—

Chair: On that point, I might pull in Matt Western to talk about tariffs.

Q38 **Matt Western:** This question is aimed at Ms Portmann, but it is open to you all. In the absence of a Brexit transition period or a UK-EU trade agreement, clearly these exports, or imports into Europe from the UK, will face tariffs. In your view, will it be the consumer or our exporters who pick up the tab for those tariffs?

Terri Portmann: I have had conversations over the last week with a couple of customers, large French supermarkets, and they are not interested in treating UK imports in the same way as they do products from other third countries at the moment. More broadly, they are expecting the UK exporter to pick up the tabs. The problem is then compounded by David Jarrad's point that there are not any customs clearance agents in these port facilities, which have not previously needed them. The risk, I suppose, is that we cannot find customs agents on day one, week one. Even if these border inspection points miraculously appear, are staffed appropriately and are open long enough, if we do not have customs agents to declare our goods for us, the goods will not be able to pass through.

The other knock-on effect that is important to exporters is that generally speaking you get paid anywhere from 45 to 90 days afterwards when you are dealing with large supermarkets on the Continent. Even with a perhaps modest 9% tariff on some fresh goods, that is extra money exporters will have to carry with their cash flow until they are paid by the customer.

David Jarrad: It depends a bit on competition. For example, if the Spanish can buy cod from the Icelandics with no tariff, they will buy from them. Therefore, the exporter in the UK would have to pay the tariff. However, for Scottish langoustines, which are not fished anywhere else, being sold to Spain, the likelihood is that the consumer and the rest of the supply chain are likely to pay the tariff.

Q39 **Matt Western:** I was going to come on to that. Are there particular products and volumes of the total mix that you described at the outset that we are particularly vulnerable on from these tariffs? To be clear,



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because you mentioned 9% Ms Portmann, is that just on shellfish or on fish too?

Terri Portmann: I was just using—I don't know what the shellfish—

Q40 **Matt Western:** What are the WTO terms on fish?

Terri Portmann: They vary, depending on the species, whether it is a fillet, live, headless. It is a quite complicated system.

David Jarrad: Anything from nought to 25%.

Q41 **Matt Western:** Really?

David Jarrad: Yes. Big difference.

Q42 **Matt Western:** But the margins for the producers are really slim, aren't they?

David Jarrad: Yes.

Q43 **Matt Western:** Langoustines or salmon might be exceptional because of particular markets, but when you are talking about scallops or mackerel or something like that, margins are pretty slim.

David Jarrad: It is not an industry that has huge, great, fat margins. No, that is true. There are times when fishermen are doing very well. There are other times when it is very tough.

Q44 **Chair:** A bad lorry load, a load going off, losing that value, could sink a company?

David Jarrad: Yes, and that has reminded me of another point. The French border inspection posts have said that if there was a problem with document because of a mix-up, a wrong signature or whatever on a health certificate, the product would be destroyed. They are not going to be able to turn it round and send it back and they are not going to be able to utilise it in any way. It will be destroyed.

Q45 **Chair:** They cannot send it back to the UK?

David Jarrad: They have informed us that it will be destroyed. They have informed APHA in Carlisle that that would be the case. Apart from that being a grotesque waste of resource, it is quite a concern if in haste, at 4 am, Dingwall Council came out and put the wrong signature or put it in the wrong box or something like that. A minor clerical error could be hugely costly.

Q46 **Faisal Rashid:** Would the situation be the same for EU exporters to the UK?

Andrew Kuyk: Not necessarily because at the moment imports from outside the EU face the same tariffs as the EU would apply to us. Under a no-deal Brexit, the UK Government would be free to set its own tariffs. I think this morning the Government republished the temporary tariff schedule that was first published in March and the vast majority of



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imports would be tariff free. Therefore, stuff coming from the EU into the UK would not face a tariff, so there is asymmetry there.

Secondly, Government have said that, at least for a temporary period, they will not apply the full range of other checks and controls that they might otherwise be entitled to apply, on the basis that because everything from Europe was fully compliant the day before, the working assumption will be that it would be fully compliant the day after. The flow of traffic is to some extent circular—it is the same lorries, it is not one set of lorries doing one trip, they are the same lorries—and the idea is that speeding the flow inwards will help facilitate the circular train of lorries going back out.

The short answer is that it will not be a level playing field. Imports from the EU will face neither the tariff nor the degree of regulatory complexity that the UK will face the other way round. You may say that is unfair, but I think the European Union's answer to that would be, "You are choosing to be outside the customs union and the single market and that is a consequence of being outside".

Q47 Matt Western: Can I go back a step to our exports to the EU? It is a sizeable proportion and I want to understand how much shellfish and fish is fresh and how much is frozen?

David Jarrad: I don't have that figure.

Andrew Kuyk: We don't have that exact breakdown, but my best guess would be that a minority is frozen. It is more likely to be fresh.

Q48 Matt Western: We are talking about a few days for the shelf life of the product.

David Jarrad: Hours.

Andrew Kuyk: Days at most.

David Jarrad: With live shellfish, a lorry only needs to be held up on the motorway for a couple of hours and you will start to see the product devaluing.

Q49 Matt Western: How do the langoustines caught in the west of Scotland get to the EU? How many hours does it take?

Terri Portmann: Perhaps I can help there. When you talk about live, meaning in vivier tanks, that product is being shipped in a certain way, but fresh also covers those langoustines being put in a box or cuttlefish or scallops, processed and so on. Generally speaking, depending on how long the fishing vessel had been at sea, you can look at anywhere from five to 10 days shelf life. The supermarkets, the customers at the other end, are expecting to receive those products with a certain amount of shelf life. The EU control regulation allows for them to take three days to be inspected at the border inspection points, if these border inspection points do occur, and you could be left in a situation where your client refuses the goods because they are late. This is something we have



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historical experience of when there has been particularly bad weather, snow for example, that has delayed shipments, where the goods eventually get to Boulogne and the customer in Italy says, "No good for me. Don't want them".

- Q50 **Matt Western:** Can I paraphrase that into a very simple question? The supermarket or whatever wants to receive the goods within two or three days of capture?

Terri Portmann: Yes.

Matt Western: Okay, that is fine.

David Jarrad: I would say less than that for live.

- Q51 **Matt Western:** I will move on to a question about tariffs that may be faced by our exporters, particularly into those markets where it has not been possible to roll over the EU free trade agreements. What sort of tariffs would they be facing there?

David Jarrad: Do you mean to outside the EU?

Matt Western: Yes, say Korea or Japan.

David Jarrad: I have to say that I congratulate the Government on getting the free trade agreement with South Korea sorted out, because that is a huge market for our whelks. It might sound funny, but our whelks are a £50 million to £70 million trade in South Korea. Congratulations to our Government for doing that.

We are now looking desperately for trade agreements with the likes of Canada and Japan. I cannot give you an exact answer off the top of my head on the current rates with different places, but I am very happy to supply some information later if you would like me to.

Matt Western: Thank you.

- Q52 **Chair:** Talking of whelks, my late mother once picked enough whelks to buy a carpet, when I was a child.

To wrap up, though it does pain me to end this because it has been a very interesting session—I know a lot of shellfish fishermen, both with boats and gathering from the shore—can I challenge one thing? There was a question about the lorries—50 lorries a day, and 86 lorries going through—but that would give you 105 lorries a week. Is the 50 lorries a day due to particular peaks on certain days of the week?

Terri Portmann: The 4,500 lorries that David Jarrad was estimating was based on there being 20 tonnes per lorry, which is pretty much at full, and your quantities of shellfish. Perhaps your next panel will be able to tell you how many lorries are going through. But it is all going to come down to goodwill, because we are relying on that, plus the French wanting to create these inspection points and to operate them for long enough hours.

- Q53 **Chair:** We have considered a lot of certificates. Do the lorries need any



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extra certificates over and above the four certificates we were talking about in response to Faisal Rashid's question—the environmental health certificate, the catch certificate, the processing certificate and the storage document?

Terri Portmann: Yes, the hauliers will now have to comply with things that they have not previously had to comply with. That is not my field, but the main groupage companies tend to be foreign owned anyway. DFDS does a lot of groupage movement of UK seafood. They probably move about half to three quarters. I would imagine that they will be compliant and ready.

Q54 **Chair:** To finish up, if I was a Brexiteer MP I would say I had listened to an awful lot of doom and gloom this morning. I would say that we are going to go in there, we are going to do free trade, we are going to be buccaneering, we are going to go across the world and find markets outside the European Union. What are the opportunities? What can we do if we have brought friction and difficulty into the market on our doorstep? Where can we go? I have used the effusive body language of our optimistic Brexiteers, as you might have seen.

Andrew Kuyk: It is a bit late in the session to address what we call the supply paradox, but we import most of what we eat and we export most of what we catch. Mostly what we export are things like shellfish, mackerel or herring. A lot of that is not added value—this is a sweeping generalisation—and there is a reason why most of that goes to the EU, which is not only that it is free and frictionless but also that it is on our doorstep. You have to rethink your business model if you have to get a product to the other side of the world in a consumable state. That would imply that you would probably want to add value and process it, but you would need to create the facility to do that; you would need to make the business case for it, and you would also be competing with other suppliers to that market from other parts of the world.

Q55 **Chair:** In short, it is not a quick change.

Andrew Kuyk: It certainly is not.

Q56 **Faisal Rashid:** It also depends on the demand in that part of the world for that particular product.

Andrew Kuyk: Absolutely.

David Jarrad: We are blessed, in the UK, with some fantastic shellfish. As Andrew Kuyk says, the major market is the EU, ironically, where the Brits go on holiday and say, "Wouldn't it be lovely to have this langoustine at home". Little do they know that it passed their door 48 hours earlier.

That aside, there are potential markets in places such as Japan, the United Arab Emirates, India, but these do not happen overnight and businesses have, to date, taken the closest and easiest market option, which of course is Europe. By far and away the most important free trade agreement you guys have to get is with Europe.



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Q57 **Chair:** Maybe the answer is to invite all of Europe to come on holiday to the Hebrides and get the shellfish fresh at source. On that optimistic note, I will end this panel and start the next panel. Thank you very much for your time and your expertise. It is much appreciated.

David Jarrad: May I just say—

Chair: You may.

David Jarrad: —we were lucky enough to be the recipients of a Department for Business, Energy and Industrial Strategy grant to help support the industry. This is a pack that we have just sent out to the industry on different sectors of advice on Brexit. Would you like to have a look at it?

Chair: Yes, indeed. We will take that. Thank you.

Examination of Witnesses

Witnesses: George Eustice MP, Fiona Wright and Phil Haslam.

Q58 **Chair:** We have another distinguished panel before us. Can I ask you to introduce yourselves, please, for the record, and for anybody viewing?

Fiona Wright: I am Fiona Wright and I am head of regulation at Seafish. We are an arm's length body of DEFRA, set up by the Fisheries Act in 1981 to improve the efficiency and standards of the fishing industry.

Phil Haslam: Phil Haslam. I am the director of operation at the Marine Management Organisation, another arm's length body of DEFRA, charged with making a contribution to the sustainable development of activity at sea.

George Eustice: George Eustice, the Fisheries Minister.

Q59 **Chair:** Minister, in general terms how would you assess the current overall readiness of seafood exporters for a no-deal Brexit? If we listen to the news and the media at the moment—and it is the preference of some in Government—that is coming down the tracks in three or three and a half weeks. In particular, what is the industry's understanding of, and preparedness for, the new documentation requirements to export to the EU? We heard a lot about documents in the last session.

George Eustice: I would say the level of readiness is good. We have done outbound calls to fisheries businesses—all the registered sellers of fish—to get an understanding how many of them export. It turned out to be fewer than we anticipated. I think around 10% are the main exporters. Of those, the vast majority, while exporting large quantities to the EU, are also quite familiar with exporting around the rest of the world. That helps, because you have larger businesses dominating the export trade that are already familiar with processes such as catch certificates, albeit on a much smaller scale than will be required here, and are already familiar with export health certificates.



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In addition to that, we have done a lot of outreach work. The FSA, for instance, has contacted all the fish processors to ensure that they are registered and listed as approved establishments and 400 to 500 business have gone through that process. If and when we get the third-country listing, which we hope will come through on Friday of this week, on 11 October—it is being discussed by SCoPAFF—most of the key exporters are already on the register and able to export.

Q60 Chair: You mentioned two certificates, the catch certificate and the export health certificate. Are the catch certificates that the UK Government will be issuing compliant with EU standards, and will they be accepted and respected by the European Union?

George Eustice: Yes, I believe they will. I may turn to Phil Haslam here.

Q61 Chair: Has the EU told you this? You said you believe they will be accepted. Has the European Union told you that they will be accepted?

George Eustice: The issue with the EU at the moment, as you will be aware, is that they cannot discuss anything until 1 November.

Q62 Chair: We will not know until 1 November if the catch certificate—

George Eustice: Catch certificates are an EU scheme. We already know what they need to look like and what information is there. If we export goods to a number of other countries—eight of them in total—we already have to issue catch certificates, so it is not a new thing. We do already issue catch certificates for exports to certain countries.

Q63 Chair: Is there granular wording on the catch certificate? Is the catch certificate for the boat or for the catch? Is the catch itself certified or is the boat certified? This is the complication.

George Eustice: The intention and purpose of the catch certificate—which is an EU scheme; different countries have different approaches—is to demonstrate that the fish were legally caught and are not fish that have come from illegal, unreported and unregulated fishing. The certificate essentially records the vessel, the catch, the consignment and the landings data, and reconciles that with the consignment being exported.

Q64 Chair: I asked whether it has all been agreed and accepted by the European Union. You said that you believe it has been, but that you will not know until 1 November and that is the best picture we can have at the moment.

George Eustice: We know that the EU already accepts the catch certificates that we prepare and we are familiar with the scheme. We have been running it for a number of years.

Q65 Chair: You do not anticipate any problems with catch certificates?

George Eustice: Day to day, none at all. It is a relatively straightforward document.



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Q66 **Chair:** Okay. We will know finally in three and a half weeks, if there is a hard Brexit.

Are there vets in the ports, on the piers and in the right places to deal with export health certificates? Is the manpower there? Is it in the right places and in touch with the industry?

George Eustice: We have had a programme to build capacity across all the food sectors that need export health certificates. We have also been offering training for certified support officers so that certain administrative tasks associated with issuing health certificates can be expanded. The last time I looked, we had had around 500 additional vets go through the process of getting the training to be certified as able to issue export health certificates.

Q67 **Chair:** That makes a total of how many?

George Eustice: Around 700 at the moment. For fisheries specifically, around 700 environmental health officers are already able to issue export health certificates on fish. On fish, it is slightly different. On meats, it is generally private vets. Private veterinary practices will come out and attest the export health certificate that goes with the consignment of, say, lamb. In the case of fisheries, there has been a long-established approach that export health certificates on fish are issued by local authorities, by environmental health officers.

Q68 **Chair:** Are you confident that the 700 environmental health officers are distributed across the United Kingdom? Cornwall does not want to know that 699 of them are in Scotland, for instance. Geographically, are they peppered and where they need to be?

George Eustice: Yes, because 50% of our fishing industry is in Scotland and a lot of will be concentrated there anyway. I should point out that in addition to that, because the sheer volume of export health certificates that we would need to draft would be significantly higher, we have secured additional budget to help local authorities recruit and train new export health officers.

I know that the Scottish Government have a similar discussion with the Treasury at the moment to make funds available—there have already been some made available—to local authorities, such as that in Aberdeen, which is obviously responsible for the key ports at Peterhead and Fraserburgh.

Q69 **Chair:** Thank you for that. Time means we will have to move on and have a shift of questions, much as I would like to keep dwelling on that one.

Mr Haslam, your organisation MMO is responsible in England for setting up a system for the production of catch certificates, which is needed for seafood exports to the EU in the event of a no deal. Will you be ready in three weeks' time and can you explain how the system works?



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Phil Haslam: Yes, it will be ready in three weeks' time. It was ready at the previous no deal and deployed live to allow customers to draw down the credentials they require. It will be ready again.

Q70 **Chair:** It will be a no-problem system in three weeks' time?

Phil Haslam: I cannot say there will be no problems. What we are confident in is that the digital functionality that we have developed will give the customer a validated catch certificate as they require it. There is a degree of risk in rolling out a system such as this.

You may be aware that we are moving from a manual solution that produces 300 catch certificates a year to a digital self-service system that will have to service something in the order of 120,000 catch certificates a year. There is risk in that elevation of volume, but we are confident through the testing that we have done on the digital capability that it is fit for purpose and will deliver.

Q71 **Chair:** Have you been liaising much with the European Union on your catch certificates? Are you certain that they are compliant and that the European Union is happy with these?

Phil Haslam: The system has been designed to meet the requirements of the council regulations of 1005/2008, which is the IUU regulations. What has been put into that certificate is reflective of what is required through that regulation.

Q72 **Chair:** Have you had a dry run of this at all? You said it is all going to work. Has there been a process or an exercise carried out where you have said to fishing boats, "Let's get you used to these catch certificates in a certain port"?

Phil Haslam: Certainly. As the Minister has said, we have been doing business readiness activities for a good while now. We have gone down to the level of assuring functionality. We have proactively called people to say, "Do you still export? If you do, you need to register for this system and then you need to engage with it to make sure that you understand the functionality". That is the first level of it.

We have established a call centre as well. It is populated by 16 people from the Environment Agency. What we hope we have captured now is the early adopters. We are now working through to get the late adopters. We are also taking steps for those that do not adopt in time. We can immediately triage those. As we deploy the system in live, we will roll out a 24/7 customer support centre.

That is more than just telling someone on a phone call, "I have this issue". They can actually help, take stakeholders through and make sure they can do it. We are confident that we have the digital self-service capability that most users who are alert to it now have got familiarity with. Then we have the backup where, if they do encounter trouble, we can support them through it.

Chair: Thank you. It is very good to get that on the record.



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- Q73 Emma Little Pengelly:** A question to the Minister. What work has your Department done to liaise with the Animal and Plant Health Agency to ensure the necessary veterinary capacity exists still on publishing of the export health certificates?

George Eustice: APHA has been directly involved in all of our no-deal planning. Some of its key personnel—it is already responsible for doing export health certificates for the rest of the world—have been absolutely plugged in from the beginning in designing this system. It is important to recognise that, with the exception of Northern Ireland—where it is a state vet who does the export health certificate and that is a system that they have—for the rest of the UK and GB it has always been private vets who have done this work.

Principally an export health certificate is concerned with whether that product has come from an authorised establishment. That is its main objective. On certain goods it is also looking for potential risk of disease and other things, but principally it is whether it has come from these premises. The actual job of attesting that the information on the certificate is correct is done by private vets, not state vets, for GB.

- Q74 Emma Little Pengelly:** In relation to the capacity point, in the event of a possible loading, for example—you mentioned the differences in Northern Ireland—have you had discussions around the potential additional workload that they may have to take on, and is that manageable in the short term?

George Eustice: Yes. There would be an additional workload. There are some difficulties in predicting it. For instance, Northern Ireland is a special case because there is a vast number—and this is across all goods, not fisheries—of small consignments that currently cross the border. If there was no change at all to trading patterns, there are some estimates that say they might need 1.9 million export health certificates. To do 1.9 million export health certificates in Northern Ireland alone, they would need perhaps up to 700 additional vets who could do that work.

In practice, what we know is that small consignments will just not bother because it will not be worth their while. What is likely to happen is trade behaviour will change and goods will be consolidated into a smaller number of larger loads that can travel with one certificate.

While it is hard to predict, we think that in the case of Northern Ireland, for all goods, a more realistic estimate of the total number of certificates might be something like 200,000 to 300,000. We already have the capacity in place to deliver that because Northern Ireland has recruited some additional people. We have trained certification support officers and also seconded some vets to ensure that that can be done. That is just one example, which is not specific.

- Q75 Emma Little Pengelly:** Would you expect a significant delay in that because of the increased workload? It is fresh produce so there is the time- critical aspect of that.



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George Eustice: There will not be a delay in issuing the export health certificate. The issue that we have, particularly with fisheries—it may be something you want to move on to later—is the specific challenge for fresh fish. If there is a major disruption at the short straits—that all-crucial Dover/Calais crossing—if you have perishable goods that becomes a big challenge for the fishing industry. That is not about our capacity to hand out the certificates. It is more about the capacity of authorities in Calais to be able to keep the flow of goods going into the EU.

Q76 Emma Little Pengelly: The British Veterinary Association has said that DEFRA may need to negotiate with 154 non-EU countries to agree new versions for over 1,400 EHCs. Do you recognise those figures? Would you say that is a fair estimate and what negotiations have you undertaken to see how that can be managed?

George Eustice: The BVA has said that. I am not sure of the specific point it is making because third countries will already have their own export health requirements that we would already abide by. If we export goods to countries such as China, Japan or the US, those would already have to be accompanied by an export health certificate and we know what their requirements are in this regard.

The BVA may be talking about some of the continuity agreements that the EU currently has, where there might be a lighter touch approach on some of these matters—SPS agreements are in place, recognition of veterinary equivalents and so on. That is probably the point that it is making. We are seeking to bring all of those over through the continuity approach. I do have somewhere in my notes—I can find out the precise figure for you, but many of those agreements have already—

Q77 Emma Little Pengelly: It must be clear at this stage that all of those will not be rolled over in sufficient time, so have you put in place proposed mitigating actions for those that are unlikely to be rolled over? Presumably, at this stage the Department does have a sense about which ones are unlikely to be rolled over.

George Eustice: Yes. We have rolled over the key continuity agreements that matter for our exporters. I can get you the precise figure. The key ones, the matter of being rolled over, is sometimes some of the smaller ones where we do not export huge amounts anyway. They are the ones that are a residual problem. Obviously, we do know what their requirements are and we are very familiar with the EHC requirements of exporting to 30 countries in the world.

In the case of fish, we export mackerel all over the place, including countries such as Nigeria and, until recently, countries such as Russia. Some of the Asian markets are quite complicated to get goods into, but we manage to export live crabs and a significant amount of crab meat to countries such as China. We are familiar with the type of documentation we need to be able to get market access into countries where there is sometimes some complexity.

Q78 Emma Little Pengelly: You said earlier that a significant number of



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smaller suppliers would go cross-border into the Republic of Ireland. I presume that is also the case with some Scottish producers, to go to restaurants and so on in the Republic of Ireland. Have you had any discussions with some of those smaller businesses about the concept that you propose, which is that these would be bundled together and one export licence granted? Are they aware that that is what the suggestion is to militate against the huge number of export licences that would otherwise be needed?

George Eustice: I think it will become apparent to them. The difficulty with looking at these things in silos is, if you assume that all cross-border trade across the Irish border will continue exactly as now, the first thing to say is that if the Irish Republic and the European Union are going to apply for MFN tariffs, a lot of that trade will become unattractive anyway. It would simply become unattractive to sell goods into the European Union for some producers.

Take a small business that does a sandwich round, that makes a BLT sandwich where you would need a number of different export health certificates because it is a composite good. If you were running a sandwich round and crossing the border into the Irish Republic, you would face tariffs and the need to get a vet out to fill out an EHC, and you just would not bother. That sort of retail level trade would become much more difficult because of the administration involved and the cost of that administration.

What you are more likely to do is to say, "If I am a retailer I will retail in the domestic market. However, if I am a very large producer of sandwiches that sell right across the Irish Republic to other retailers, and I am a big sandwich producer and a wholesaler and I send artic lorryloads, it is a perfectly viable situation for me to get the certificates".

Chair: As long as they come to us.

George Eustice: I am sure they like sandwiches in Northern Ireland as well.

Q79 **Emma Little Pengelly:** On that issue, there have been very mixed reports. Either we are going to be coming down with sandwiches we can't sell or we are going to be starving because we can't bring in sandwiches from elsewhere. I am using sandwiches as an example, but on many different issues this has been suggested about difficulties across the border.

Is anything being done to try to support those businesses to look at new markets within the UK in the short term? Some of those may be small businesses, but it could be a significant percentage of their business, because of the proposals around tariff free from the Republic of Ireland into Northern Ireland. The concern is that in Northern Ireland a sandwich producer, whoever that may be, will be at significant disadvantage of losing maybe 30% to 40% of their business selling to the Republic of Ireland, while Republic of Ireland producers can simply sell into Northern Ireland without any tariffs under the current proposals.



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George Eustice: Yes. With the tariff schedule that we have chosen to adopt—I think the slightly revised one will be published some time today—we have decided to prioritise keeping prices stable and protecting certain sensitive sectors, namely sectors such as beef and sheep and certain dairy sectors that would be exposed if you had full tariff liberalisation. It is a short-term tariff rate schedule for a maximum of 12 months.

Q80 **Emma Little Pengelly:** Have the Government considered compensating some of those businesses? That is probably the wrong word.

George Eustice: We are doing two things. First of all, there have been Government roadshows travelling the country, organising events to brief businesses, both large and small. We also have a project called Kingfisher, which has not made firm commitments yet because until Brexit actually happens we will not know for certain which sectors will be affected. But there is a fund that has been established to be able to support sectors that suffer financial losses as a result of a no-deal Brexit that may need short-term help until things are resolved and the initial turbulence is settled.

Q81 **Chair:** To return to MMO, a question I noted and did not ask. How does the catch certificate system validate the catch? Is it the case that the catch certification is only checking the boat and not the catch? How is the catch validated to the satisfaction of the European Union?

Phil Haslam: As has been stated, what you have to put on the catch certificate is the name of the vessel, its unique identifier, which is called the PLN number, the species, the weight and the date. Therefore, we can immediately check with other databases through verification that the vessel that has caught that catch is licensed to do so, so that can be checked as a licence.

It is similar for the species. The weight of it, so the catch data basically; there is real-time monitoring and near real-time monitoring for this. Certain vessels have electronic logbooks where they have to upload their catch on a regular basis, and that becomes data that can be exploited. Other vessels do not have to do that, so we have to rely on another system, which is a buyers and sellers scheme where we will check and verify the data that way. That is the real-time and near real-time data.

We have developed digital functionality to enable that, but some of that will be deployed as of go live in order to make sure that we have the right confidence and, as I have said, we are launching quite a big digital—

Q82 **Chair:** It is not a comprehensive system for all?

Phil Haslam: It is a comprehensive system. It will check—

Q83 **Chair:** It captures everybody in the same way? Everybody is going to be covered in the same way because you said some are following different—

Phil Haslam: In due course they will be because we are rolling out another separate digital capture recording thing for vessels of 10 metres



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and less, and that will come on stream in due course. In the interim, we have developed this functionality. Some of it will be deployed live. Some of it will be deployed into what we call report mode, where it will be monitored by IUU, so an illegal, unregulated unreported fishing team who will monitor—

Q84 **Chair:** Is the catch data being verified?

Phil Haslam: Yes. The catch data is being verified.

Chair: You think it is being verified. Okay.

Q85 **Faisal Rashid:** Will there be any new regulatory requirements for seafood exports to non-EU countries in a no-deal Brexit? For example, because there is no existing EU trade agreement it has been rolled over.

George Eustice: This links to the point that was raised earlier. We have now signed or agreed in principle 16 trade continuity agreements with a total of 46 countries. That is an increase. That covered around £39 billion of trade in March but as of now, with those 46 countries, we have £100 billion of UK trade covered by those continuity agreements.

When it comes to fishing, the one that is most important, the only one that is relevant is the EU agreement with South Korea. That has been rolled over and the terms for fisheries exports remain exactly the same. We do also have significant exports to countries such as the US and China. Those are our two largest export markets outside the EU, but there are no special EU agreements in place on fisheries with those two countries at present, so there is no change for our fisheries exports to third countries.

Q86 **Faisal Rashid:** What actions have DEFRA, the MMO and Seafish—separately and collectively—taken to inform seafood exporters about the new documentation that they will have to deal with in the event of a no-deal Brexit? What are you doing to measure how successful that has been?

Chair: Can we move to Seafish?

Fiona Wright: We have been doing a lot since the referendum result to keep business informed. I work very closely with my colleagues on the first panel, so I sit on both panels and reflect everything they have said.

The systems we have in place are ready and fit for purpose. What we now need to do is help industry to use them. We have done a lot of online guidance. DEFRA has also done a lot of online guidance, which is very good and very user friendly. In the last few months, things have come out that have been very useful—a step-by-step guide informing small business what they have to do in the event of a no deal.

I think that is what we need to continue to do. We have the systems and the paperwork in place. We need to support businesses to be able to use that and help them adjust the way they trade to minimise the disruption. It is not going to be perfect, but we are there to support them. We are



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looking at setting up a helpline to be there to support people, to help them through the systems.

- Q87 **Faisal Rashid:** How successful has that been? Obviously, you are saying you have to do it, but there is not enough time left. Would you cover the whole SME market and train them? What mechanism is in place other than the online?

Fiona Wright: Yes, we are there to support them. We have done the roadshows that Mr Eustice was talking about, and talking businesses through. I was in Northern Ireland yesterday, helping Northern Ireland seafood businesses with the export health certificates. Unfortunately, I could not do today's roadshow because I had to come here.

We update our online guide every day. We are talking to the Animal and Plant Health Agency, the FSA, DEFRA, as industry come to us with problems. As these systems have rolled out, industry has looked at them and said, "We are going to have this problem". We have tried to resolve them with Government colleagues to find an answer that is suitable for industry but also meets the requirements of the EU. Sometimes it is not always easy to find a solution that works for everybody. When we find those solutions we put them on the online guide. We use social media to inform people that we have made changes to the guide.

- Q88 **Faisal Rashid:** What is your engagement rate with the market?

Fiona Wright: I don't know. When we make changes to our guide, we get about 1,000 new hits on the guide. We make a change to it and we tweak it.

- Q89 **Faisal Rashid:** Apart from this, the help and online tools and all these kind of things, an issue came up on the previous panel about having enough vets. I appreciate the Government are trying to train enough vets, but responsibility also lies with the local councils, when the local councils are already struggling. What are you doing in order to deal with that issue?

Fiona Wright: We have been working very closely with local authorities on the ground. We have a few local authorities, so we can hear their problems. We had some workshops where we brought in local authorities, industry, the Animal and Plant Health Agency, and the FSA to do with the health certificate problem when this first emerged. We put them all in a room, discussed the problem and tried to find a workable solution. We know there are not enough people to sign certificates, just the sheer volume—

Faisal Rashid: There aren't?

Fiona Wright: We know that potentially there are not enough people to sign the number of certificates if every consignment wants a certificate. What we have been working on is finding a suitable way to consolidate the certificates and help people through that. We have devised a system where there is a bulk health certificate, so if you are producing the same product over and over again you can have a bulk certificate. There will be



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pre-prepared certificates that just need to be signed off. When you have your consignment ready to go, you just need that signed off by your local authority.

Q90 **Faisal Rashid:** That facility will be available 24/7, because trade works 24/7?

Fiona Wright: The signing of certificates is a commercial enterprise and it will be up to local authorities to decide what services they operate. We do not have any control over that.

Q91 **Faisal Rashid:** Minister, you have been advising businesses to register on the Government gateway and for a DEFRA account to prepare for the export of fisheries products to the EU in the event of a no-deal scenario. Have you been monitoring the number of registrations and what has this shown?

Phil Haslam: If I may take this one, our analysis was that there was a target audience of about 800 to 1,200 bids that may export. We have revised that down to 800 now. Using the contact centre as previously, we have proactively made 2,000 calls. We have identified 820 contacts, of which 617 are businesses and 75 of those declared that they were still exporting. Similar activity is being done with our DA colleagues as well. That has identified the amount of imports, first, to register on the system and, secondly, to get familiar with using it.

We have not settled it there. We have targeted it down to the largest exporters. There are 51 that we are basically going through a similar system with, but some of my enforcement officers will visit their offices to step them through the system and pick them up. That is the preliminary and pre-exit preparation and, as I have said, post-exit we will work for a year.

Q92 **Faisal Rashid:** What is the total number of businesses you have identified?

Phil Haslam: We have over 500 users signed up to the system. There is still work going on predominantly in DAs to do a similar thing. We are closing with that sort of target audience of 800. That is just an estimate at the moment, but we are confident that we have reached out through many means and we are continuing to reach out.

Q93 **Faisal Rashid:** There is no such number that you are aiming for?

Phil Haslam: No. That is the difficulty. The way we have adopted a number of 800 is analysing HMRC stats to say who is exporting. The difficulty is that it is a volume thing, so when it says there is a minimum volume that HMRC looks at in its statistics, we have had to slightly reverse-engineer those. That came up with our estimate. At the moment it is about 800 and we are sticking with that, so that would be the target.

Q94 **Faisal Rashid:** There could be a number of businesses not registered by 1 November?



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Phil Haslam: There could be some who have completely missed the extensive media campaign to be ready. There may be and that is why I said we are looking to triage those non-adopters, post day one. What we have, we are continuing to work through.

Fiona Wright: What we are also finding is that there are small businesses, like a small fishing boat, landing and then selling it to somebody else who is exporting it. They do not think they are exporting to the EU, but actually they are. Those are the ones I am most concerned about, that they are not following the information and thinking that they do not export and on day one they might be the ones that have problems. We want to be there to support those fishermen.

Q95 **Chair:** Sorry to butt in, but what kind of problems? You are landing your lobsters, your crab, your nephrops, whatever. You land these as a boat, you sell them to the merchant, but you are saying that the boat has responsibilities?

Fiona Wright: Yes, you sell it to the merchant on the quayside, so you then think that you do not export. You do not know that that merchant is exporting it. At the moment it would not have made any difference to the paperwork that you need. From 1 November it will make a difference.

Q96 **Chair:** Typically, what does the man in the boat have to do?

Fiona Wright: He will need to make sure that he has the European approval in place. That is the sector we are concerned about, the ones that think they are selling in the UK, but actually they are exporting. They will not know that until 1 November. We are trying to get the message out, but more and more I am beginning to think that what we need is a lot of support around 1 November.

Chair: I am drawing breath because I am suddenly worried.

Q97 **Faisal Rashid:** How many EU border inspection posts will be available as of 1 November to process UK seafood exports—all types, fresh, frozen, live or processed—in the event of a no-deal Brexit?

George Eustice: There is quite an understanding now about how the French authorities in particular are going to handle fisheries products. Roughly 60 to 70 lorry loads of fish a day go to France in particular. They are all going to go through the short straits. What the French authorities currently plan to do is simply wave those lorries through at Calais and do all of the paper checks—the catch certificate, the EHC and even any customs checks that might be needed—at Boulogne market.

They have a dedicated approach to fisheries, which I think is in recognition of the fact that it is a perishable good and they do not want it to get caught up in any queues that there might be at Calais, so they have decided to triage all fisheries straight to Boulogne market.

Q98 **Faisal Rashid:** Apologies, I am just asking you how many inspection posts will be available?



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George Eustice: As I said, there will be a border inspection post at Boulogne.

Q99 **Chair:** Everything has to go through Calais?

George Eustice: It all goes to Boulogne fish market.

Q100 **Chair:** Nothing is going to Roscoff anymore? They will all have to go to Calais?

George Eustice: They will all be directed to Boulogne fish market, which is where it gets sold.

Q101 **Faisal Rashid:** Are you liaising with the EU—for example, member states such as France—on this issue?

George Eustice: Yes.

Q102 **Faisal Rashid:** What is the outcome? What are the discussions?

George Eustice: That was the decision and we have been talking to the port authorities in Calais. What they have decided to do is to route lorries through to Boulogne, which is obviously not that far from Calais but it moves things away from Calais. It is something that I think the fishing industry would welcome, since a lot of this goes through Boulogne market anyway. It is a major hub for fisheries.

Q103 **Gareth Thomas:** What happens if something goes wrong? What is plan B if, for example, there is a big blockage at Boulogne, or if there are problems in the Boulogne fish market? Is Dunkirk an option? Do you have other contingency plans in place?

George Eustice: We have been doing quite a lot of work, so there are plans. Earlier I talked about Operation Brock; in case you had major congestion, our priority is to try to keep flow going. We believe that we can do that. At the French side in Calais they have put quite a lot of infrastructure in to be able to deal with border inspection but, as I said, all the fisheries have decided to move it to Boulogne. It is a relatively small number of lorries in the scheme of things, and so we do not think it would pose any particular problems.

Q104 **Gareth Thomas:** There is no plan B? Everything hinges on Boulogne working?

George Eustice: We have, as a country, become very dependent for all goods on the crossing at the short straits; the Dover to Calais crossing is a very critical and important piece of infrastructure. There are quite a few other ports that we can use, but there is a lot of reliance on that Dover to Calais crossing.

Q105 **Chair:** At the moment, lorries going to Spain may cross further down the south coast over into Brittany, drive through France, turn through Bordeaux, and into Spain. Then you are saying they are going to have to go to Boulogne-sur-Mer?



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George Eustice: I will need to check. I can write to the Committee on that. It may be that there are other border inspection places that can deal with fisheries in other ports, such as Roscoff. The one that we have been primarily looking at is Calais, as that is where the vast majority of that short-straits trade operates.

Q106 **Chair:** Yes. I am hearing that France is going to have only Boulogne-sur-Mer, and that would be problematic, and also problematic for guys who are going to different markets if, when they arrive in the EU, they have to go Boulogne. That is going to be difficult for people as well.

George Eustice: Yes.

Fiona Wright: As David Jarrad indicated earlier, this week we are waiting to hear from France which border inspection post will be approved to take which products. Boulogne-sur-Mer was a solution to the problem of some ports being overloaded. France will come up with a system where you can go straight through at Calais without any checks and drive into a border inspection post. Where previously you would have had to be checked when you first got into the EU, it is allowing a sealed container to travel to a port that maybe is less congested than Calais, to try to stop the backlog at some of the more popular ports.

Q107 **Chair:** If you only have Boulogne-sur-Mer and I am in Roscoff in Brittany, what happens?

Fiona Wright: That is as much as I know. We are waiting to hear from France on which border inspection post will receive which product. Obviously, the best idea is to go to the border inspection post that accepts your product. If that is not possible and it is better to land somewhere else, you will be able to overland with a sealed container to the border inspection post that is most suitable for your product.

Chair: Thank you for sharing what you know.

Q108 **Gareth Thomas:** Minister, talk us through the impact of the tariffs that the EU are going to impose on seafood exports in the event, as now seems likely, of a no-deal Brexit.

George Eustice: Our assessment is—this is from discussion I have had with a number of fish processors and exporters—in reality the tariffs on fish are not the thing that concern them most. Of the species that we export, Scottish salmon is a really important one, but the tariffs I think are 2% on some and 4% on others, so it is a very low tariff on some of those. On the shellfish, which is another big area—things like scallops, crabs, and lobsters—8% is a fairly typical tariff. Of course it is unwelcome, they would rather not have the tariffs, but if you look at a no-deal Brexit and assume that there is likely to be a further exchange-rate adjustment, it probably irons out the impacts of the tariffs.

There would be a little bit of administration around it, but we do not think overall that the application of MFN tariffs on the fisheries sector is a major concern in the scheme of things. What is a concern is if there are serious disruptions at ports, problems with paperwork and paperwork



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being rejected, and loss of time. The threat of that in a highly perishable good is high. That is where our focus is.

Q109 Gareth Thomas: You do not anticipate the tariffs pushing prices up or resulting in any job losses as a result of a no-deal Brexit?

George Eustice: Ultimately it will lead to price rises in the EU, but if there is a currency adjustment—the EU is quite dependent on our exports for some of these lines. If they are basically unable to get that, prices will rise. Tariffs are effectively a consumer tax, so it is a cost that will go on to consumers. The impact of that tax will probably be masked by exchange-rate adjustments for UK exporters. Tariffs are unwelcome, but I do not think it is the number one concern in the scheme of things with all the issues we have to address.

Q110 Gareth Thomas: Talk us through, similarly, the impact in third countries where a rollover agreement has not been reached. What do you anticipate the impact of their tariffs being?

George Eustice: As I said, the only existing EU agreement that is used by our own industry is the one with Korea, and that has been rolled over. There are others that are around, but they are relatively small. Our two biggest export markets are the US and China, and there is not currently an EU agreement on those anyway. The impact would be the same as it is now. The issue will be trade with the EU, which is a substantial trade. You will be familiar with the fact that there is a longstanding history in this country that we import a lot of the fish that we consume, principally cod from Iceland and Norway in particular but also some under ATQs from the Barents Sea.

Chair: Ed Balls has given a good explanation on that.

George Eustice: You have already had that, probably. Those agreements have been rolled over, so we will continue to have that supply of Norwegian fish in particular under an agreement that we have with them.

Q111 Gareth Thomas: Ms Wright, could you give us your assessment of the likely overall impact on the UK fishery industry of a no-deal Brexit?

Fiona Wright: I think there will need to be changes to the way the industry is run and the trade routes, and we will have to see some kind of consolidation; reduction of the number of export health certificates that are required. In Northern Ireland yesterday we became aware that there is a lot of moving backwards and forwards across the border, so they will have to change the way they trade to adapt to the new rules and the new paperwork. What the overall impact will be, I could not say.

Q112 Gareth Thomas: You have done no assessment?

Fiona Wright: Yes, we have. Our economics team did a report. Soon after the referendum they tried to map the trade flows throughout the UK of where fish is coming from and where it is going to. It was very difficult, and we interviewed a lot of businesses to try to find the information, but



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it is very flexible. Obviously, in trade they will buy what is available, what is the best quality and what is the best price. We also did a secondary piece of work on the shellfish sector, how prepared it is and any impacts it might have.

Q113 Gareth Thomas: You do not think there will be any job losses or any businesses will go under as a result?

Fiona Wright: I could not say. We looked at information that is available on trade flows; it just was not there because it has never needed to be recorded. If you want those reports you can have access to them.

Gareth Thomas: Lovely. It would be good if you could provide them.

Fiona Wright: The first one on trade routes was not published because of commercial sensitivities, because obviously it was about people's trade and where they are getting their supply from, but I can send that to you.

Q114 Gareth Thomas: There must be some sort of assessment in there of the overall impact, surely. You must have been able to make some predictions.

Fiona Wright: No, we have not.

Q115 Gareth Thomas: You did not bother?

Fiona Wright: We tried to look at what the industry needs and we have reacted to that. They needed more information and more help in the paperwork. We reacted to that by doing roadshows, putting out online guidance and working very closely with all our Government colleagues to try to resolve problems as they have arisen.

George Eustice: The fishing industry is made up of lots of different sectors and interests. If you look at the spectrum, the sector that is most enthusiastic about leaving—and probably, to be blunt, would rather leave without a deal, because then there is not an implementation period—is the catching sector, particularly in the demersal sector where they are currently subject to an EU quota regime where they get a very poor share of the catch in our own waters. For them, Brexit cannot happen soon enough.

If you move along the spectrum you will find there are large processors of imported cod, making fish fingers and so on, who do export some goods to the EU, but it is a relatively small amount of their overall production. It is a very big industry, but over 90% of what they produce is sold domestically. They will face some tariffs, because it is processed, on their exports that would affect them, but they are reasonably confident about their business model. Most of those big processors would say, "Do not sell out the catching sector on our behalf, because we will be fine. We will manage this".

I think the sector that perhaps sees more downsides than upsides, if I can put it that way, is the shellfish sector, which is not subject to any quotas and is subject really only to technical measures. Most of them are



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smaller vessels that are catching crabs, scallops and whelks, and these are products that are exported in very large quantities. They see a risk of some disruption to their principal market but, unlike the demersal catching sector, see fewer advantages.

Q116 **Gareth Thomas:** I like the phrase “the potential disruption” that you briefly referenced in the last part of your answer. What are you doing with the Department for International Trade to promote seafood exports going forwards?

George Eustice: Whenever there are overseas trade missions we do a lot on seafood, particularly in some of the Far East markets. However, we should not kid ourselves; that is not going to be an overnight solution to the issues of a no-deal Brexit. The critical focus for us has to be to get in place a sensible free trade agreement with the European Union, together with certain understandings on maybe catch certificates or EHCs, for instance. We need that at some point. If we leave without a deal it will be, in my view, a “no deal yet”. It is inconceivable that we can carry on for ever without some kind of sensible free trade agreement with our nearest trading partner. At some point there will have to be a resolution to this long-running saga and an FTA of some sort agreed between the UK and the EU.

Q117 **Gareth Thomas:** Talk us through the extent to which your Department was involved in the market access arrangement that the Department for International Trade has negotiated for seafood,—for example the recent agreement allowing the export of live langoustines to China.

George Eustice: We have a trade team that was involved in that. We had a former DEFRA member of staff who became an agricultural attaché to the embassy in China who helped on many of these goods in both agriculture and fisheries. But this work at a technical level tends to be led by the team that we have in APHA at Carlisle, and these are very technical dossiers in order to get reassurance. They would have been at the forefront of those negotiations.

Q118 **Gareth Thomas:** There is a series of discussions taking place at the WTO at the moment about a potential new multilateral agreement on fisheries subsidies. Are you in a position to set out what position the UK Government are going to take or are taking already in those negotiations?

George Eustice: We have been broadly consistent with the EU on this. We want to remove fishery subsidies, so there are some very good proposals there around subsidies being available to replace vessels with larger vessels, more damaging vessels. We have had an approach for some time that has not allowed that. The sticking point for us, and the area where we disagree, is there are moves from some countries to effectively prevent the use of red diesel under the longstanding maritime exemption that we have that allows red diesel to be used in fishing vessels.

Q119 **Chair:** Thank you for coming. We are just about at the end. I will



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mention that there is a story on the front page of the *Financial Times* today, "Red tape bill for UK-EU trade under no-deal Brexit set to hit £15 billion a year". We have not had a morning of good news at all here. Why are we doing all this?

George Eustice: There was a decision taken in a referendum in 2016 that the benefits of having control of our own laws, making our own laws, taking back control in the context of fisheries of our own waters and governing who can come here and under what terms, outweighed the costs that might be a little bit of extra administration. I still believe that. I campaigned to leave for that reason. I think it will be right for our country in the long term. For everyone, the debate that has carried on and ensued since 2016 has been more protracted than any of us would have liked, but there is a trade-off in this debate. You either have control, make your own laws, are more agile, can have policy innovation, do things differently and deliver, or you can have a seat at the table where your voice may get lost. The country chose to become an independent coastal state again.

Q120 **Chair:** That might mean the pound going down, you said. The deal-wrangling will continue after what some of them are calling a clean Brexit or a clean-break Brexit. We are at the beginning of the beginning, or the middle of the beginning, at the moment if we are going to be having deals going forward. It is not clean at all and the pound is going to be down as well, you said.

George Eustice: The difficulty we have had, in my view—obviously this is a political thing and different people have different views—is that the European Union has seen that there is a Government in the UK that has not had an overall majority, and a significant portion of MPs in the UK Parliament want to frustrate Brexit and reject the referendum result and make people vote again until they get a different answer. If you are the European Union you might be minded to just sit on your hands and see what happens. Had things been different and the Government had a clear majority, and Parliament universally decided to respect the referendum result, I think it would have been much easier to get a sensible settlement, because the European Union would have been forced to engage sensibly in what an actual withdrawal agreement should look like. They have not really felt the incentive to do so because, as they see it, they have had a fifth column in Parliament that has been arguing for their cause.

Chair: Or we would be in the soup already and we have been saved from the frying pan in the meantime. Minister, we could carry on with the Brexit jousting, but I do thank you for coming this morning and for giving us the extra time, and for being a non-departmental Minister of International Trade, coming from DEFRA. That is greatly appreciated. We hope for all concerned in this sector that the problems will not be huge. We certainly have worries and, after this morning, we will have to see what will happen in three and a half weeks' time. We have a lot of stuff on the record, and we thank you all for that. It is appreciated you have taken this time, and particularly, as I said, not being from the



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Department; it is greatly appreciated.

Thank you all very much, and also the previous panel. I will bring this session to an end now.