



House of Commons

Environment, Food and Rural  
Affairs Committee

---

# **Brexit: Trade in Food: Government Response to the Committee's Third Report**

---

**Eighth Special Report of  
Session 2017–19**

*Ordered by the House of Commons  
to be printed 2 May 2018*

## The Environment, Food and Rural Affairs Committee

The Environment, Food and Rural Affairs Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department of Environment, Food and Rural Affairs and associated public bodies.

### Current membership

Neil Parish MP (*Conservative, Tiverton and Honiton*) (Chair)

Alan Brown MP (*Scottish National Party, Kilmarnock and Loudoun*)

Paul Flynn MP (*Labour, Newport West*)

John Grogan MP (*Labour, Keighley*)

Dr Caroline Johnson MP (*Conservative, Sleaford and North Hykeham*)

Kerry McCarthy MP (*Labour, Bristol East*)

Sandy Martin MP (*Labour, Ipswich*)

Mrs Sheryll Murray MP (*Conservative, South East Cornwall*)

David Simpson MP (*Democratic Unionist Party, Upper Bann*)

Angela Smith MP (*Labour, Penistone and Stocksbridge*)

Julian Sturdy MP (*Conservative, York Outer*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

Committee reports are published on the Committee's website at [www.parliament.uk/efracom](http://www.parliament.uk/efracom) and in print by Order of the House.

Evidence relating to this report is published on the inquiry publications page of the [Committee's website](http://www.parliament.uk).

### Committee staff

The current staff of the Committee are Eliot Barrass (Clerk), Sian Woodward (Clerk), Daniel Schlappa (Second Clerk), Xameerah Malik (Senior Committee Specialist), Anwen Rees (Committee Specialist), Laura Grant (Committee Specialist), James Hockaday (Senior Committee Assistant), Ian Blair (Committee Assistant) and Annabel Russell (Committee Assistant).

### Contacts

All correspondence should be addressed to the Clerk of the Environment, Food and Rural Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 7341; the Committee's email address is [efracom@parliament.uk](mailto:efracom@parliament.uk).

## Eighth Special Report

---

The Environment, Food and Rural Affairs Committee published its Third Report of Session 2017–19, *Brexit: Trade in Food* [HC 348] on 18 February 2018. The Government response was received on 25 April 2018 and is appended to this report.

## Government Response

---

### Introduction

The Government welcomes the report published by the EFRA Select Committee on 18 February on Brexit: Trade in Food. It came at an opportune moment to feed into our negotiation process and has served as a timely reminder of our responsibilities to the Food and Drink industry. We have taken on board the recommendations provided by the Committee and provide our responses below.

### Response to Recommendations

#### *Tariff on UK-EU Exports under WTO rules*

1. *We recommend that Defra publishes a sector by sector analysis of the impact of Brexit before the publication of the Agriculture Bill.*

The Government continues to undertake a wide range of analysis looking at the implications of UK withdrawal from the EU. The Government has already published 14 detailed papers on the negotiations to date and will continue to be as open as possible subject to the overwhelming national interest of preserving our negotiating position.

Statistics show that the EU as a whole is more dependent on the UK market for exports than the UK is on the EU market for agricultural produce. The EU has a substantial £18 billion trade surplus with the UK in food and drink. The statistics show that EU sectors that currently export significant volumes to the UK market (and are, therefore, currently particularly reliant on the UK market) include French dairy, Irish beef, Dutch fresh cut flowers and Danish bacon for example. Conversely, the UK sheep meat sector is very dependent on access to the EU market (in terms of exports).

The UK is pursuing a bold and comprehensive economic partnership that provides the greatest possible tariff-free and frictionless trade with the EU. This is a mutually beneficial choice and we are confident we can achieve this.

#### *Fortress UK, applying WTO tariffs on imports*

2. *The agricultural industry needs clarity as to the Government's long term vision and future support. We call for the publication of the Agriculture Bill as soon as possible.*

The Government is committed to introducing an Agriculture Bill during the current session of parliament. The Environment Secretary published a Command Paper on 27 February 2018, launching a ten week consultation period to seek the views of all interested

stakeholders. The Government agrees with the Committee that, once the consultation has been completed and the responses analysed, we should publish and introduce an Agriculture Bill as soon as possible thereafter.

3. *The Government needs to support British farming and agriculture in preparing for business post-Brexit. Defra should consider providing a fund to support our food producing industry to adapt effectively to the challenge ahead.*

The Government has committed to maintain financial support for agriculture at the same level until at least 2022. Our proposals also include policies to support funding for research and development and investment for the future to improve farm resilience and profitability. The Government intends to use the period of the “agricultural transition” to give smaller family farms adequate time to prepare for the future and to support them in doing so.

The Industrial Strategy will also be central to driving the productivity agenda for the agri-food sector. Being a big employer in every region of the UK means that there are few sectors better placed to deliver “an economy that works for all” than food and drink. This was recognised in the Industrial Strategy White Paper which announced the creation of a new Food and Drink Sector Council, representing food and drink from farm to fork.

Alongside the Council the Government has also announced £90m of support through the Industrial Strategy Challenge Fund programme. The ‘Transforming food production’ will support innovative and highly-efficient precision agriculture.

4. *The Government should consider what support can be offered to sectors where imports into the UK and exports out of the UK are roughly equal, such as the dairy industry, that can make us more self-sufficient. This would offer these sectors the opportunity to become more productive. It would give people the confidence to invest, keep food prices down and keep farmers in business.*

It is not the role of Government to set food prices. However, there are sectors where the UK could, in the medium term, increase its production and processing of certain agricultural products to displace imports from the EU. These include beef, pork, dairy, fruit and vegetables including through increased glasshouse production. The Government will consider how best to support these sectors to take advantage of the opportunities of leaving the EU and becoming an independent country in control of our own agricultural policies in future.

### **Tariff Rate Quotas**

5. *Post-Brexit, the UK will be responsible for setting its own Tariff Rate Quotas. This should be carefully considered as it will have an impact on England, Scotland, Wales and Northern Ireland. We call upon the Government to announce these quotas as soon as possible, so that the UK agricultural industry can have trading certainty for 2019 and onwards.*

Outside the EU but still a WTO member, the UK would have freedom to set its own trade policy unilaterally. We would be free to set applied tariffs at below the bound tariff rate; we would be free to implement tariff rate suspensions where we saw fit; we would be free to set ATQs in any product line. We could use these powers unilaterally to manage a no deal Brexit should the EU fail to accept British proposals for a Future Economic Partnership.

However, the UK's preference is to agree a Free Trade Agreement with the EU as part of the Future Economic Partnership so it is not appropriate to set out what a system of unilateral tariff decisions might look like at this stage. However, the Government agrees with the Committee that it would be essential that we fully consider the impact on each and every part of the UK before implanting such tariff policies.

### **Regulations and Standards**

6. *The Government must make it clear how it intends to deal with potential regulatory divergence with the EU, and the mechanisms it will put in place to track divergence in the future.*

In Mansion House on 2 March the PM said that “the UK will need to make a strong commitment that its regulatory standards will remain as high as the EU’s.” The UK is ready to negotiate the future relationship, and looks forward to working through the detail with the EU as soon as possible. Mechanisms for handling regulatory divergence will be discussed as part of the negotiations on that future relationship.

### **Geographical Indications**

7. *The Government must ensure that protected Geographical Indications are retained in a similar form after it leaves the EU.*

The Government agrees that these schemes are valued by some producers and geographical indications (GIs) are held in high regard across the EU and the UK. Once the UK has left the EU it will be able to use domestic law to protect GIs. The Government will use legislation made under the EU (Withdrawal) Bill to replicate in domestic law the framework that governs the four EU GIs schemes (for food, wines, aromatised wines, and spirits). The UK will protect, by including on the UK's new register, all UK GIs. Existing UK GIs protected under relevant sectoral EU legislation should remain unaffected by the UK's withdrawal from the EU treaties as they have already been recognised as qualifying for GI status.

### **Increased Cross Border Administration Paperwork**

8. *It is imperative the Government invest in IT systems to support a more efficient export health certification process to minimise delays to trade.*

We are developing an IT system under an ‘electronic-certification’ project, the purpose of which is to provide a streamlined export service to industry, as well as aiding the UK food and farming sector to be a world leader in exports. E-certs is a key Defra priority within our Food and Drink International Action Plan 2016–2020.

Development of e-certification will reduce the time spent on the certification process for both Government and industry. Further, it will enable Defra to meet the wider international trend of moving to digital by default, e-certification, for animal and animal product trade. We are working with industry to develop the new system so that it meets the requirements of our customers.

We intend to roll the system out smoothly and iteratively working with industry. We plan to develop, and implement, the building blocks of the new service in advance of our exit from the EU which will create a more efficient process and allow trade to flow smoothly.

9. *Non-British EU veterinary surgeons are critical to the UK veterinary workforce. The Government must set out how it intends to ensure working rights for non-British EU vets currently working in the UK and to support the veterinary workforce going forward to ensure that it can meet the needs of the UK's food industry in the future.*

The Draft Withdrawal Agreement, as published on 19 March 2018, sets out the rights for EU and UK citizens, including non-British EU Vets currently working in the UK. The EU and UK agreed the continued recognition of qualifications, where recognition decisions were received or where recognition procedures were ongoing, before the withdrawal date. This will cover qualifications recognised under the MRPQ directive, which includes Veterinary Qualifications. It will also be tied to residency. This means that non-British EU Vets residing in the UK at the date of withdrawal will have grandfathered rights from the MRPQ directive, and will be able to continue to practice.

During the implementation period, EU citizens coming to the UK and UK nationals going to the EU will be able to live and work as they do now. There will, however, be a registration scheme for EU citizens who arrive in the UK during the implementation period if they are staying in the UK longer than three months. Those who want to stay beyond the end of the implementation period will have the opportunity to apply for leave to remain in the UK. This will enable vets to come and work in the UK as they do now.

The Government has made clear that will seek to agree a continued system for the mutual recognition of professional qualifications, such as Vets, as part of our future relationship with the EU.

Defra is working with the Royal College of Veterinary Surgeons, British Veterinary Association, the Food Standards Agency and the Devolved Administrations putting plans in place to secure future veterinary capacity in the UK, including contingency planning in the event of no deal with the EU. This is looking at a range of initiatives to strengthen retention of existing vets in the workforce, increase the supply of UK qualified vets, and ensure processes are in place to secure non-UK veterinary resources.

### **Border Inspection Post Capacity**

10. *Delays at border inspection posts lead to increased costs, and are a threat to perishable goods. It is imperative that the Government sets out how it intends to ensure that the right IT systems and infrastructure are in place for the import and export of agricultural produce so that businesses can continue to trade smoothly with Europe, including the Republic of Ireland, and the rest of the world.*

As set out in response to recommendation 8, we are developing an IT system under an 'electronic-certification' project, the purpose of which is to provide a streamlined export service to industry, as well as aiding the UK food and farming sector to be a world leader in exports. E-certs is a key Defra priority within our Food and Drink International Action Plan 2016–2020.

The e-certs system developed for exports will be aligned with the imports service to provide businesses with a coherent trading process.

An area of risk associated with agri-food products and the need to apply controls to products imported into the UK to protect UK biosecurity and food safety. The UK imports around £30 billion of animals, plants and food from the EU each year, and around 30% of the food currently consumed in the UK is sourced from the EU. The UK already has in place an effective system for managing biosecurity and food safety risks, including a range of controls on some imports to the UK, and this will continue to be the case after EU exit. Imports from the EU are required to meet common EU standards, and the biosecurity and food safety risks posed by these imports will not significantly change immediately following EU exit. The Government is reviewing the specific areas where the risk posed by these imports could change, both immediately following EU exit and over time, and the measures that should be put in place to address this. The Government is also working to ensure that the information and systems are in place to continue to manage biosecurity and food safety risks after EU exit.

### **Trade Agreements with non-EU Countries**

11. *The Government must start developing relationships at a high political level with potential trading partners in order to ensure that agreements are signed to the benefit of the UK. The Government must also investigate how it can use the expertise within the House of Lords and House of Commons in building relationships and representing the UK overseas.*

The UK has always been an open trading Nation but we also have important values around issues such as animal welfare and food standards. Leaving the EU will allow us to decide our own independent trade policy. We aim to create new opportunities for trade whilst also projecting British values around the world.

There is a wealth of knowledge and experience in both Houses of Parliament and the Government agrees with the Committee that any future approaches to trade should make use of all the talents that exist within parliament as we consider any future trade opportunities.

12. *While we recognise the huge benefit that trade agreements could bring, these must not be at the detriment of the UK's reputation for high animal welfare, environmental and food standards. The Government must not allow imports that have not been produced to the UK's high standards.*

The Government is proud of the high food safety and animal welfare standards that underpin our high quality Great British produce. The Government has no intention of undermining the UK's reputation for quality by lowering standards in pursuit of a trade deal. There are tried and tested mechanisms for ensuring that exporters from foreign countries abide by British standards.

### **Country of Origin Labelling**

13. *We recommend the Government improve country of origin labelling following the UK's departure from the EU. We also recommend that the Government introduce mandatory method of production labelling.*

The Government has always supported improved labelling including country of origin labelling within the EU including on dairy products and lightly processed meat products such as bacon. Whilst the Commission has tested some new proposals, they have so far resisted UK and some other MS calls for mandatory CoOL in these areas. Outside the EU, the UK will be able to pursue its own independent policy on country of origin labelling and other forms of labelling. The UK Government will take on board the Committee's views when it comes to these matters.