House of Commons

Northern Ireland Affairs Committee

Brexit and Agriculture in Northern Ireland

Fifth Report of Session 2017–19

Report, together with formal minutes relating to the report

Ordered by the House of Commons to be printed 16 October 2018

HC 939
Published on 22 October 2018
by authority of the House of Commons

Northern Ireland Affairs Committee

The Northern Ireland Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Northern Ireland Office (but excluding individual cases and advice given by the Crown Solicitor); and other matters within the responsibilities of the Secretary of State for Northern Ireland (but excluding the expenditure, administration and policy of the Office of the Director of Public Prosecutions, Northern Ireland and the drafting of legislation by the Office of the Legislative Counsel).

Current membership

Dr Andrew Murrison MP (*Conservative, South West Wiltshire*) (Chair)

Mr Gregory Campbell MP (*Democratic Unionist Party, East Londonderry*)

Maria Caulfield MP (*Conservative, Lewes*)

Mr Robert Goodwill MP (*Conservative, Scarborough and Whitby*)

John Grogan MP (*Labour, Keighley*)

Mr Stephen Hepburn MP (*Labour, Jarrow*)

Lady Hermon MP (*Independent, North Down*)

Kate Hoey MP (*Labour, Vauxhall*)

Conor McGinn MP (*Labour, St Helens North*)

Nigel Mills MP (*Conservative, Amber Valley*)

Ian Paisley MP (*Democratic Unionist Party, North Antrim*)

Jim Shannon MP (*Democratic Unionist Party, Strangford*)

Bob Stewart MP (*Conservative, Beckenham*)

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.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/niacom 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.

Committee staff

Margaret McKinnon (Clerk), Matthew Congreve (Second Clerk), Elektra Garvie-Adams and George James (Committee Specialists), John Hitchcock (Senior Committee Assistant), Kelly Tunnicliffe (Committee Assistant) and Nina Foster (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Northern Ireland Affairs Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 2173; the Committee's email address is northircom@parliament.uk.

Contents

Summary

Northern Ireland's agri-food sector is critical to the province's economy and to its rural communities. Farming businesses are key employers in rural communities and essential to sustaining local economies. Farmers also play a vital role as stewards of the natural environment, maintaining areas of natural beauty and protecting landscapes and habitats that might otherwise come under threat.

Brexit presents both challenges and opportunities for Northern Ireland's agriculture sector. For more than forty years farmers in the UK have operated under the EU's Common Agricultural Policy (CAP), which has provided income support to farmers to help them sustain their businesses in a difficult marketplace. However, it has also created market distortions and imposed prescriptive and burdensome regulations which frustrate many farmers.

In Northern Ireland, preparing for Brexit is complicated by the lack of a functioning Executive, which collapsed in January 2017. Without ministers to take decisions, there has been a lack of policy direction and no representative and accountable process through which a devolved policy for Northern Ireland can be agreed. With exit day approaching, there can be no further delay. We therefore urge the Government to make clear how Northern Ireland agriculture policy will be funded and how post-Brexit agriculture policy for Northern Ireland will be established in the absence of an Executive so that the province is not left behind the rest of the UK.

The UK Government launched a consultation in February 2018, *Health and Harmony*, and several of its proposals subsequently appeared in the Agriculture Bill published in September. The proposals in *Health and Harmony* and in the Agriculture Bill focus on England, recognising that agriculture policy is devolved to each of the UK's devolved administrations. Our inquiry examined how an independent agricultural policy for the UK and for Northern Ireland can continue to support farmers once the UK leaves the EU.

Financial support for farmers

Farmers in Northern Ireland are, on average, more reliant on direct income support than their counterparts elsewhere in the UK. The UK Government has said it is committed to providing the same cash funds for agricultural support for the remainder of this Parliament, but that its intention is to move away from direct support to a system of "public money for public goods." While we heard the merits of this approach, we believe that the proposals envisioned for England would not be appropriate for Northern Ireland, and that maintaining farm income must remain an objective of the province's agricultural policy at the present time to help sustain businesses for which direct payments are of existential importance.

The current payments regime requires farmers to comply with a range of environmental, animal welfare and food quality standards. We heard that the design and enforcement of these regulations could be frustrating and burdensome for farmers, and heard examples where overly prescriptive rules or excessive penalties were harmful to agricultural production. The UK will be able to design its own scheme once it leaves the EU, and the

Government says it will take this opportunity to design a system of "smarter regulation and enforcement." We support the principle of reducing the regulatory burden on farmers where possible.

All-island supply chains

The possible implications of Brexit for the two-way movement of goods across the border with the Republic of Ireland are a key concern for farmers, who told us there was a shared interest on both sides of the border in minimising disruption to cross-border trade. Many agri-food businesses operate on an all-island basis, with produce frequently crossing the border to be processed, packaged or sold. We urge both the EU and the UK to prioritise reaching an agreement on arrangements to enable cross-border trade to continue on the most frictionless basis possible, so that costly disruption to these supply chains can be avoided.

In August the Government published papers advising UK businesses on how they could prepare for the possibility of no deal being reached between the UK and the EU, but this guidance offered little clarity on how cross-border trade would work in such a scenario. Given the importance of cross-border trade to agri-food businesses in Northern Ireland, we call for these issues to be clarified as a matter of priority.

We also consider the particular importance of trade in live animals across the border, and note with concern that this trade may be disrupted by proposals to ban live animal exports. We propose that a solution is reached that allows cross-border trade in live animals to continue.

Trade in agri-food

Northern Ireland's agri-food trade with the rest of the United Kingdom is crucial; Great Britain is the destination for nearly half of all agri-food products originating in the province. We heard that any future barriers to east-west trade would be a cause for serious concern. However, depending on the trade deal the UK strikes with the EU there could also be opportunities for Northern Ireland to consolidate its position in the UK marketplace and displace goods currently imported from the continent.

Northern Ireland enjoys significant trade in agri-food products with other countries, and it is vital this continues once the UK leaves the EU. After Brexit the UK will be able to set its own trade policy and strike trade deals which could give its producers access to new and lucrative markets. Farmers told us that they needed clarity on future trade arrangements as soon as possible. We recommend that the Government carries out research to identify trade opportunities for Northern Ireland agri-food, and so help it determine its priorities when pursuing trade deals.

As the UK strikes trade deals it will also need to consider the effect imports could have on the domestic market. Farmers told us they needed to be able to compete on a level playing field, and warned against opening the UK market up to cheaper, lower quality imports that could undercut local suppliers and drive food and animal welfare standards down. We recommend that the Government makes preserving food standards in the UK marketplace a red line when negotiating trade deals.

The agricultural workforce

The agriculture industry depends on labour drawn from countries in the European Economic Area (EEA). In Northern Ireland the structure of the sector means that there is greater demand for skilled roles, like butchers, and less demand for seasonal horticultural labour than in other parts of the UK. The sector is likely to remain reliant on non-UK staff in the short to medium term, so it is crucial that it can continue to employ workers from outside the UK after Brexit. We recommend that future immigration policy recognises and reflects this. We explore a number of ways in which the sector might meet its labour needs in the future, including the introduction of agricultural workers schemes, the addition of specific professions to the shortage occupation list, the employment of so-called paraprofessionals to perform certain tasks, and mechanisation and automation of agricultural processes.

Introduction

The agriculture sector in Northern Ireland

1. Northern Ireland's agri-food sector is of great importance to the province's economy and to its rural communities. There are nearly 25,000 farms in Northern Ireland,[1] which in 2017 supported over 48,000 jobs.[2] In 2016, the Northern Ireland food and drinks processing sector had a gross turnover of £4.4 billion.[3] Dairy is the largest sector in terms of output, accounting for 32% of gross agricultural output. Sheep and cattle account for a further 25% of the total, poultry and eggs 18%, pigs 8%, and horticulture and crops 8%.[4] Northern Ireland has a greater reliance on its agricultural sector than the rest of the UK: agriculture makes up 1.7% of Northern Ireland's Gross Value Added (GVA), compared to 0.5% across the UK as a whole,[5] and the industry accounts for 2.5% of total employment in Northern Ireland, more than double the UK-wide level of 1.1%.[6]

2. The structure of the agriculture sector in the province is very different to that found in other parts of the UK. 78% of all farms in Northern Ireland are cattle and sheep farms; the home nation with the next highest proportion of such farms is England with 44%. Northern Ireland also has a higher proportion of dairy farms than other parts of the UK: 11%, compared to 7% in England.[7] Agriculture in Northern Ireland is characterised by the predominance of small farms. 19,000 of Northern Ireland's 25,000 farms (76%) are classified as "very small", meaning they require fewer than 1,900 hours of labour per year to maintain.[8] By comparison, in England the figure is 19,300 of 56,700 farms (34%).[9]

3. Much of the land farmed in Northern Ireland is located in "Less Favoured Areas" (LFA), meaning land where geographical or climatic conditions disadvantage agricultural production. 75% of all agricultural land and 69% of Northern Ireland's farms were classified as LFA in 2017, the majority of those businesses being small upland cattle and sheep farms.[10] Farm businesses in these regions tend to be more marginal financially and reliant on direct income support. They receive additional payments under the Common Agricultural Policy to incentivise the continued stewardship of this land, playing an important role in preserving the natural environment in areas that might otherwise be neglected or abandoned.

4. Northern Ireland is the only part of the UK to share a land border with another state, and the province's trade with the Republic of Ireland has led to considerable integration of the agri-food industries on both sides of the border. Many businesses operate on an all-island basis, and it is common for raw produce to cross the border multiple times as it is processed, packaged and sold. This integration, together with the shared challenges

1 DAERA, Statistical Review of Northern Ireland Agriculture 2017, March 2018, p 40
2 Ibid., p 19
3 Ibid., p 56
4 Ibid., p 2
5 Ibid., p 1
6 Ibid., p 1
7 Northern Ireland Assembly Research and Information Service, Northern Ireland's agri-food sector—background and possible 'Brexit' considerations, September 2016, p 3
8 DAERA, Statistical Review of Northern Ireland Agriculture, 2017 March 2018, p 41
9 Defra, Figure Farm Accounts in England—Results from the Farm Business Survey 2016/17, December 2017, p 29 (In England, farms under the 1,900 threshold are categorised as "part-time.")
10 DAERA, Statistical Review of Northern Ireland Agriculture 2017 March 2018, p 41

of managing the natural environment of the island, means that Northern Ireland and the Republic have found it effective to cooperate on matters such as animal and plant health. The extent of integration of the agri-food industry with that of the Republic of Ireland means that Northern Ireland farm businesses are reliant on the continued easy movement of goods and people across borders to an extent that those in other parts of the UK are not.

5. The distinctive characteristics of farming in Northern Ireland mean that its agriculture sector has different needs and priorities to farmers in the rest of the United Kingdom. The predominance of smaller, more marginal businesses means that the sector is particularly reliant on direct income support to maintain a steady income and guard against market volatility. DAERA reports that the average level of Direct Payment in Northern Ireland exceeds the average level of income from farming, and that without direct subsidy the Farm Business Income of some sectors (cereals, dairy, and cattle and sheep) would be negative.[11]

Current agricultural policy

6. As a member of the European Union, the UK's agricultural policy has largely been directed by the EU's Common Agricultural Policy (CAP). The CAP was introduced in 1962 with the stated intention of increasing agricultural productivity and supporting Europe's agricultural sector. Over time the objectives of the CAP have evolved, with a growing emphasis on environmental management and rural development. The CAP seeks to achieve its objectives through a mixture of income support, market measures and rural development schemes. It also requires farmers to comply with rules on sustainable farming, animal welfare and food safety. CAP policy is periodically reviewed on an EU-wide basis alongside the EU's Multiannual Financial Framework: the current CAP period covers the years 2014–2020.

7. Member States have some power to vary the way in which the CAP is implemented in their own country. Within the UK agriculture policy has been devolved, and so there is further scope for each of the devolved administrations to implement CAP in accordance with the needs of their own agricultural sectors. For example, the devolved administrations have flexibility under the CAP to transfer money from the "Pillar 1" budget (money allocated to be spent on Direct Payments to farmers) to the "Pillar 2" budget (money allocated to agri-environmental and rural development schemes). Each of the devolved administrations has chosen to transfer a different proportion of this budget: for example, Wales has opted to transfer the maximum 15% while Northern Ireland has chosen to transfer none.[12] Member States and regions are also able to design their own Rural Development Plans (provided these meet certain conditions and are approved by the European Commission) and each of the devolved administrations in the UK has its own plan. Northern Ireland's plan focuses on improving the competitiveness of the agri-food industry, improving the natural environment and developing and improving rural areas.[13]

11 DAERA, Farm Incomes in Northern Ireland 2016/17, p 2

12 House of Commons Library, CAP Reform 2014–20: Eu Agreement and Implementation in the UK and in Ireland, October 2014, p 37

13 DAERA, United Kingdom - Rural Development Programme (Regional)- Northern Ireland, Accessed 22 August 2018, p 109

8. Agriculture is affected by other policy areas that sit outside of the CAP, such as immigration and trade. As a member of the EU, the UK is subject to EU rules regarding the movement of goods and people within the Single Market. The UK is able to set its own immigration policy with respect to non-EU nationals and has previously operated schemes designed to attract agricultural workers, such as the Seasonal Agricultural Workers Scheme. The UK's trade policy with third countries (i.e. those outside the EU) is determined by trade deals agreed with those countries by the EU as a whole or by general World Trade Organisation (WTO) rules. The EU has 36 trade agreements with external countries, in addition to a number of other partial or pending agreements.[14] The UK is a member of the WTO, but as an EU Member State is currently represented by the EU Commission at WTO meetings.

Our inquiry

9. In January 2018 we launched a forum for members of the public to suggest areas on which the Committee should focus its Brexit scrutiny. Based on the responses we received, and in light of the significant implications Brexit will have for Northern Ireland's agriculture sector, we launched an inquiry into Brexit and Agriculture in Northern Ireland on 29 March 2018.[15] The purpose of our inquiry was to consider the opportunities and challenges facing Northern Ireland's agriculture sector in light of the UK's decision to leave the European Union. We considered issues arising directly from Brexit, such as the UK's future trading relationship with the EU, but also broader questions about how an independently determined agriculture policy could support the sector in Northern Ireland in years to come. Given the current absence of a Northern Ireland Executive, our inquiry focused on what action needed to be taken by the UK Government to make preparations which cannot currently be made in Northern Ireland.

10. Over the course of the inquiry, we took oral and written evidence from a range of stakeholders including academics, trade associations, trade unions, Producer Organisations, and the Minister of State for Agriculture, Fisheries and Food. We also took oral evidence at the Northern Ireland Assembly from two panels of farmers representing various parts of the agriculture sector. The conclusions and recommendations in this report are based on the evidence we received. We would like to thank everyone who engaged with this inquiry.[16]

14 European Commission, Negotiations and agreements, Accessed 22 August 2018

15 How you've shaped our future work on Brexit and Northern Ireland, 23 April 2018

16 A full list of those who gave oral and written evidence is included on page 65 of this report.

1 Developing an agriculture policy for Northern Ireland

11. In this chapter we consider:

- the measures set out in the Government's Agriculture Bill, and the consultation into future agricultural policy that preceded it, "Health and Harmony: the future for food, farming and the environment in a Green Brexit.";
- the Northern Ireland Department for Agriculture, Environment and Rural Affairs (DAERA) consultation on its Northern Ireland Future Agricultural Policy Framework, which proposes options for how agricultural policy might be implemented in Northern Ireland;
- how policy can be developed and implemented in the absence of a Northern Ireland Executive;
- the processes by which the devolved administrations could agree on shared approaches on certain policy areas, through what the UK Government has termed "common frameworks."; and
- how future agricultural policy in Northern Ireland will be funded after the UK leaves the EU.

Proposals for future agricultural policy

The UK Government's Health and Harmony Consultation and the Agriculture Bill

12. On 27 February 2018 the Department for Environment, Food and Rural Affairs launched a consultation on future agricultural policy: "Health and Harmony: the future for food, farming and the environment in a Green Brexit." The consultation paper outlined policy proposals that might replace the Common Agricultural Policy once the UK leaves the European Union. The paper stated the Government's intention to move away from a system of farming subsidies towards a scheme of "public money for public goods."[17] Under this proposal farmers would be supported to deliver specified outcomes, which could include managing the natural environment, protecting animal welfare, improving agricultural productivity and preserving public access to the countryside. The Government proposed that the new policy be phased in during a 'agricultural transition' period from the end of 2019 and lasting "a number of years".[18] Specific proposals from Health and Harmony are discussed later in this Report.

13. On 12 September 2018—after the evidence sessions for this inquiry had concluded—the Government published an Agriculture Bill, which incorporated a number of the proposals set out in Health and Harmony.[19] The Bill gives the Secretary of State for Environment, Food and Rural Affairs (the Secretary of State) powers to:

17 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 30
18 Ibid., p 20
19 Agriculture Bill [Bill 266, (2017–19)]

- make payments to farmers, and amend the terms and conditions with which farmers must comply to receive such support;
- set an "agricultural transition period" (to begin in 2021—one year later than initially proposed in Health and Harmony—until the end of 2027, although the Secretary of State can amend this);
- specify the terms on which Direct Payments will be "phased out" during the above transition period, and replaced (during the remainder of the agricultural transition) with "delinked payments";[20]

In the Written Statement accompanying the Bill, the Secretary of State said that the Bill "sets out our new policy of paying public money for public goods," in line with the approach set out in Health and Harmony.[21]

14. The proposals in Health and Harmony are specific to England, with a few limited exceptions.[22] The document does not make specific agricultural policy proposals for Northern Ireland. Defra states that it believes its proposals are "a vision that could work for the whole of the UK," but that "devolution provides each administration with the powers to decide its own priorities."[23] The UK Government's intention is that the new agriculture policy should "lead to an increase in decision-making powers for each of the devolved administrations."[24] The consultation document cites Direct Payments to farmers as an example of a policy area where the devolved administrations will "have the same flexibility [as England] to target support in a way that best suits their circumstances."[25]

15. In the short term, the UK Government intends to replicate current arrangements established by the Common Agricultural Policy, with a view to these being amended over time. In, June—prior to the passage of the EU (Withdrawal) Act and the introduction of the Agriculture Bill—George Eustice MP, Minister of State for Agriculture, Fisheries and Food (the Minister), told us that the Withdrawal Act would replicate the design of the existing Common Agricultural Policy scheme in UK law. He added that the Agriculture Bill would give the UK and the devolved administrations the power to change aspects of that scheme during the transitional period.[26] The Minister said that each of the devolved administrations would be able to determine its own approach, allowing Northern Ireland to set a different policy to the rest of the UK if it chooses.[27]

16. The powers conferred by the Agriculture Bill on the Secretary of State with respect to Direct Payments are limited to England only.[28] Schedule 4 of the Bill makes provision for Northern Ireland, and transfers to DAERA the powers needed to operate a payments

20 Explanatory Notes to the Agriculture Bill [Bill 266] (2017–19)—EN), p 4
21 HC Dec, 12 September 2018, col21WS [Commons written ministerial statement]
22 For example: trade policy (a reserved matter which is set at a UK level by the UK Government) and areas where cooperation between devolved administrations may be required (for which the Government proposes the creation of 'common frameworks', discussed later in this chapter)
23 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 7
24 Ibid., p 7
25 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 7
26 Q366
27 Q366
28 Agriculture Bill, Clause 5, 7–8

scheme.[29] Clause 2(1) states that DAERA may modify the Direct Payments scheme if it considers that the changes "will simplify or improve the scheme (so far as it operates in relation to Northern Ireland)."[30] Sub-clause 2(1)(b) specifically empowers DAERA to make provision for "a payment for areas with natural constraints."[31]

17. Dr Viviane Gravey of Queen's University Belfast told us that some aspects of the proposals in Health and Harmony would not be appropriate if applied to Northern Ireland, and that it was important to avoid a situation where the proposals in the White Paper were "copy-past[ed]" to Northern Ireland by default. As an example, she told us that:

> The plan is to cap payments to free some money in order to fund [the] agricultural transition, but payments are already capped in Northern Ireland. They are capped at €150,000. If you free up a lot of extra money in England to fund that transition, you will not be able to free up that extra money in Northern Ireland. You need to get that money for transition elsewhere.[32]

18. We heard concerns about the level of engagement by the Department with the sector during the consultation on the Health and Harmony paper. Dr Gravey told us that the 44,000 responses Defra had received was a low figure for a consultation of its kind and that it was "disappointing" there had not been more participation.[33] The Horticulture Forum for Northern Ireland told us that farmers themselves saw the policy proposals as "distant and complex" and recommended that the Government make further efforts to engage with farmers directly.[34] Dr Mary Dobbs agreed that Health and Harmony was "a very complex document" and there was insufficient focus on what the proposals might mean for farmers in practice.[35] Stakeholder groups like the Northern Ireland Meat Exporters Association also told us that they had had little engagement with the Northern Ireland Office, and no formal discussions with the Secretary of State about agriculture policy and Brexit.[36]

19. The Minister and Defra officials told us that DAERA had shared its paper on future agricultural policy—which we examine in the next section—with them.[37] However, we did not hear any evidence that Defra had proactively engaged with stakeholders in Northern Ireland during the Health and Harmony consultation period. Charles Hotham, the Department's Deputy Lead on Future Farming Policy and Legislation and its Head of Devolution, told us that there was no dedicated group for examining agriculture in Northern Ireland.[38] The Minister told us that he had not recently met with the agriculture representatives of the major parties in Northern Ireland. However, we did hear that he had recently met with the Ulster Farmers Union.[39]

29 Ibid., Schedule 4
30 Ibid., Schedule 4 (2)(1)
31 Ibid., Schedule 4 (2)(1)(b)
32 Q2
33 Qq57–58 (The 44,000 responses include responses received from all parts of the UK. The number received from Northern Ireland specifically is not available)
34 Horticulture Forum for Northern Ireland (AGR0003)
35 Q58
36 Qq178–180
37 Q382
38 Qq380–382
39 Q374–375

20. **We are concerned that Defra's consultation on Post-Brexit agriculture policy does not look in detail at the sector in Northern Ireland. We have also heard that there has been little direct engagement with farmers in Northern Ireland on this consultation, and consequently there has been insufficient recognition of key differences between Northern Ireland's agriculture sector and that of other parts of the United Kingdom. This is a particular concern given the absence of a Northern Ireland Executive, which means that an agricultural policy for Northern Ireland cannot be developed independently at this time.**

21. ***In recognition of the critical role that agriculture plays in the Northern Ireland economy and the absence of an Executive, the Government should proactively seek the views of farmers in Northern Ireland to better inform the remaining stages of the Bill.***

The Northern Ireland Department of Agriculture, Environment and Rural Affairs consultation

22. While agriculture is a devolved policy area, the Brexit process is a reserved matter and so aspects of Northern Ireland agriculture will be affected by decisions taken by the UK Government as part of the withdrawal process. The devolved administrations have therefore been conducting their own work, as well as engaging with the UK Government, on areas of devolved policy. On 2 March 2017 the then Minister for Agriculture, Environment and Rural Affairs, Michelle McIlveen MLA, wrote to the then Secretary of State for Environment, Food and Rural Affairs, Andrea Leadsom MP, setting out four key outcomes desired for the Northern Ireland agriculture sector. These were:

- Increased productivity in international terms, closing the productivity gap which has been opening up with other major suppliers. This will create the basis for a profitable sector which can grow market share.
- Improved resilience to external shocks (such as market and currency volatility, weather related events, etc.) which are ever more frequent and to which the industry has become very exposed.
- An agriculture industry that is environmentally sustainable in terms of its impact on air and water quality, soil health, carbon footprint and biodiversity.
- An industry which operates within an efficient, competitive and responsive supply chain, with clear transmission of market signals and an overriding focus on food and the end consumer.[40]

23. Northern Ireland has been without a functioning executive since January 2017. In the absence of ministerial direction, DAERA has continued to prepare for Brexit. In July 2017 the Department established stakeholder groups on Trade and Agriculture, Fisheries, the Environment and Rural Society to engage with representative organisations on Brexit issues. Between June 2017 and January 2018 the Department developed—first internally and later through engagement with the Trade and Agriculture and Environment stakeholder groups—a Northern Ireland Agricultural Policy Framework containing proposals for a Northern Ireland agriculture policy.[41] This built on the four key desired outcomes previously outlined by Minister McIlveen. The Department shared this framework

40 Permanent Secretary to DAERA, Letter to the Committee, 20 June 2018
41 Permanent Secretary to DAERA, Letter to the Committee, 20 June 2018

with Defra. Dr Mary Dobbs told us that ministerial approval would be required for this document to be put out for public consultation, and the Minister George Eustice MP told us he did not think DAERA would publish the document until an Executive was in place.[42]

24. Despite this. DAERA published its consultation document, *Northern Ireland Future Agricultural Policy Framework*, on 1 August 2018, and invited public submissions on the proposals.[43] The closing date for the consultation was 10 October 2018. The Department has stated that

> Final decisions on a future agricultural policy will be for Ministers to take. Following this exercise it is likely, therefore, that there will be further consultations on any specific proposals which arise as a result of this exercise."

DAERA has proposed that the system of agricultural support should remain largely unchanged for the 2020–2021 CAP scheme years, and that Direct Payments continue to be paid during that period on the same terms as under the CAP. Beyond 2021, the Department suggests a number of policy options aimed at achieving four key objectives: increased productivity; improved resilience; environmental sustainability; and efficiency and competitiveness in supply chains. On Direct Payments, it proposes that income support payments be continued as a "basic farm resilience support measure". This would be paid at a level below that currently offered, and over time support would be delivered not through an area payment but through policies aimed at driving productivity growth and environmental sustainability.[44] Other proposals include:

- new incentives for farmers to attain formal qualifications, such as department-funded "knowledge vouchers" that can be redeemed against training courses;
- promotion of longer term land leases;
- involving farmers in the co-design of new "outcome based" environmental schemes; and
- incentives to encourage collaboration within supply chains, such as preferential access to Government support.[45]

Specific proposals from the consultation document are referenced throughout this report.

25. Many witnesses to our inquiry praised the preparatory work done by DAERA but expressed frustration that the absence of ministers had limited what the Department was able to do. Wesley Aston of the Ulster Farmers Union told us that Northern Ireland had been "ahead of the game" in its preparations for Brexit but that progress had subsequently stalled.[46] He added that a number of agricultural pilot projects were "sitting on the shelf" because they could not go ahead without ministerial approval.[47] Dr Mary Dobbs of

42 Qq23, 382–385
43 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018; Letter from Norman Fulton, Deputy Secretary, Food and Farming Group, DAERA, to Stakeholders, 31 July 2018
44 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 29
45 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018
46 Q15
47 Q26

Queen's University Belfast told us that the work DAERA had done had been "excellent" but agreed that "we are being stalled by not having a Northern Ireland Executive."[48] We examine issues arising from the absence of an Executive later in this chapter.

26. Some of the witnesses we spoke to felt that they had not been given adequate opportunities to make their views known to DAERA. Dr Barbara Erwin, Chair of the Horticulture Forum for Northern Ireland, told us that horticulture had no representation on the Department's stakeholder groups and that there had been no opportunity to make the voice of the industry heard by the Department.[49] DAERA has provided us with the membership of the stakeholder groups it convened to inform the development of its proposals, which we publish with this report.[50] Neither the Trade and Agriculture Committee nor the Environment Stakeholder Group included representation from bodies specifically representing horticulture.[51]

Funding for Northern Ireland agriculture

27. The agricultural policy DAERA is able to deliver in Northern Ireland will depend on the level of funding available to the province. The Government has committed—including in the Conservative Party's confidence and supply agreement with the Democratic Unionist Party—to provide "the same cash total in farm support until the end of the Parliament."[52] Health and Harmony sets out the Government's commitment as follows:

> We will maintain the same cash total funding for the sector until the end of this Parliament: this includes all EU and Exchequer funding provided for farm support under both Pillar 1 and Pillar 2 of the current CAP. This commitment applies to each part of the UK.[53]

During the debate on the Second Reading of the Agriculture Bill, the Secretary of State said the Government would shortly launch a review of agriculture funding across the United Kingdom. He added that "agricultural funding will not be Barnettised, and the generous—rightly generous—settlement that gives Northern Ireland, Scotland and Wales more than England will be defended."[54] A written statement was laid on 16 October to announce the review.[55]

28. The Minister told us that—assuming a transitional period with the EU is agreed—funding for agricultural support would still be drawn from the EU in 2019, but that from January 2020 direct support would be funded by the Exchequer.[56] He said that the EU (Withdrawal) Act would bring across the design of the current CAP scheme, allowing payments to continue to be made under the same terms as the current scheme. He added that the Agriculture Bill would allow the UK Government and the devolved administrations

48 Q17
49 Q123
50 Permanent Secretary to DAERA, Letter to the Committee, 20 June 2018
51 Correspondence from DAERA relating to the Committee's inquiry into Brexit and Northern Ireland: Agriculture, 20 June 2018
52 HM Government, Agreement between the Conservative and Unionist Party and the Democratic Unionist Party on support for the Government in Parliament, 26 June 2017, p 2
53 Defra, Health and Harmony: the future for food, farming and the environment in a Green Brexit, February 2018, p 7
54 HC Deb, 10 October 2018, Col 154 [Commons Chamber]
55 HC Deb, 16 October 2018, Col 41WS [Commons written ministerial statement]
56 Q366

to modify aspects of the scheme if they so wished, and these provisions did indeed appear in the published Bill.[57] The Government has not yet indicated if the funding provided for direct agricultural support will be allocated as part of a separate, ring-fenced fund or as part of the block grant allocated to Northern Ireland. The Agriculture Minister said that famers and the devolved administrations had indicated their preference for a ring-fenced fund rather than a "Barnettised approach."[58] This reflects the fact that the devolved administrations receive a larger share of agricultural support funding than they would if this was distributed on the basis of the Barnett formula, in recognition of the greater importance of the agricultural sector in Scotland, Wales and Northern Ireland.[59]

29. Witnesses welcomed the commitments which had been made about funding allocations through to the end of the Parliament (which, assuming a five year Parliament, would be 2022) but told us they needed clarity on future funding beyond that date. Conall Donnelly of the Northern Ireland Meat Exporters Association said the industry needed clarity over how future budgets would be calculated, and whether funding would be ring-fenced. He told us that if the Barnett formula were used to determine future allocations then that would be "extremely disadvantageous to the industry in Northern Ireland."[60] The Ulster Farmers Union emphasised the importance of financial support to farmers in Northern Ireland, and told us they hoped that Northern Ireland would receive a ring-fenced share of funding at the same level as it currently receives.[61]

30. Under normal circumstances, Northern Ireland would be able to set its own budget and allocate resources to departments accordingly. If the Executive wished to prioritise agricultural support by reallocating resources from another department, it would be able to do so. The Minister told us that "it would be for the devolved administrations to work out how to prioritise certain policies within their funding envelope."[62] Without an Executive, Northern Ireland's budget may continue to be set in Westminster and there is little scope for officials in Northern Ireland to make political judgments about how funds will be allocated. As a result, at present DAERA's budget and policy options are constrained by the resources made available to the Department by the UK Government.

Policy-making in the absence of an executive

31. There has been no Executive in Northern Ireland since the Government collapsed in January 2017. In the absence of an Executive, the Northern Ireland Civil Service has been responsible for day-to-day administration in Northern Ireland. The Civil Service has a limited remit, however, and is able to take few strategic policy decisions in the absence of democratically accountable ministers, as underlined by a High Court judgment earlier

57 Q365; Agriculture Bill

58 Welsh Affairs Committee, Second Report of Session 2017–19: Brexit: Priorities for Welsh agriculture, 9 July 2018, p 20

59 The Barnett formula determines how the block grant allocated to each of the devolved administrations by the UK Government changes from one year to the next. It is calculated on the principle that changes to funding of services in England should be reflected in the budgets for comparable services in each of the devolved administrations, on a per-person basis. The House of Commons Library briefing HC Briefing Paper 7386 provides a more detailed explanation of how the formula works

60 Q172

61 Q6

62 Q403

this year.[63] Civil servants in DAERA have developed policy options on the basis of the outcomes outlined by the previous DAERA minister in her letter to the Prime Minister in March 2017, but there has been no ministerial direction since then.

32. In addition to the obstacles presented by the lack of ministerial direction, we also heard that resource limitations were inhibiting DAERA's preparations for Brexit. Dr Viviane Gravey told us that DAERA had 30 members of staff preparing for Brexit, compared to 1,200 in Defra.[64] She noted that while at Defra staff numbers had returned to 2010 levels, at DAERA the number of staff had continued to fall.[65] Wesley Aston of the UFU said that "because of limited resources we cannot necessarily do all the work that we would like to do."[66]

33. The absence of a Northern Ireland Executive has also disrupted the routes through which the views of the people of Northern Ireland would ordinarily be represented in policy discussions at the UK level. Dr Viviane Gravey highlighted that Northern Ireland is currently represented on the UK-wide Joint Ministerial Committee—which brings together ministers of the UK Government and devolved administrations—by a senior civil servant, as opposed to a government minister.[67] She pointed out that a civil servant would not be able to participate in these discussions on equal terms. Civil servants are also unable to act as public advocates for Northern Ireland in the way that elected politicians can, and Dr Gravey argued that this may limit Northern Ireland's ability to influence Brexit discussions in Brussels and in London.[68]

34. We asked Defra what it was doing to engage with stakeholders in Northern Ireland in preparation for Brexit. We heard that the Department "work[s] closely with officials in DAERA to make sure that we understand the issues that they are facing."[69] However, with no DAERA ministers to represent Northern Ireland politically it appeared that the nature of these discussions had been purely technical—for example, relating to the technical drafting of the Statutory Instruments that will transpose existing EU law into UK and Northern Ireland law.[70]

35. Furthermore, we learned that no individual person or team at Defra was responsible for Northern Ireland Brexit preparations, despite the unique concerns of the province and the constraints facing DAERA in the absence of an Executive.[71] It was unclear how Defra was engaging on a political level with the issues facing agriculture in Northern Ireland. The Minister told us he had not recently met with the agriculture spokespeople for the political parties in Northern Ireland.[72]

36. The UK Government has, on occasion, taken actions that would, in normal circumstances, have been the responsibility of elected representatives in Northern Ireland: for example, passing the Northern Ireland Budget Act 2018 in July to set a Budget for

63 Belfast Telegraph, Hightown incinerator decision 'unlawful' – victory for Northern Ireland campaigners, 14 May 2018
64 Q35
65 Q35
66 Q36
67 Q35
68 Q35
69 Q373
70 Qq377–379
71 Qq380–381
72 Qq374–375

Northern Ireland. However, such interventions have been the exception and have been limited in their scope, and the UK Government has not gone as far as, for instance, proposing how a post-Brexit agriculture policy for Northern Ireland would be delivered in the ongoing absence of a Northern Ireland Executive.

37. In July, the Secretary of State for Northern Ireland told the House that the UK Government is committed to taking "a number of limited but necessary steps to ensure good governance and to protect the delivery of public services in Northern Ireland."[73] In her statement to the House of 6 September, the Secretary of State announced her intention to bring forward legislation in October which would "give greater clarity and certainty to enable Northern Ireland Departments to continue to take decisions in Northern Ireland in the public interest and to ensure the continued delivery of public services."[74] It is not yet clear what this will entail, and whether it will better enable preparations to be made for Brexit in the context of agriculture in Northern Ireland.

38. **In the absence of a Northern Ireland Executive DAERA is not able to respond to the urgent challenges posed by Brexit. In particular, in the absence of a Northern Ireland Executive and Northern Ireland Assembly there is no mechanism by which a new agricultural policy for Northern Ireland can be implemented, except through the UK Government. We did not see evidence that the UK Government has sufficiently recognised the strategic importance of the agriculture sector to Northern Ireland, or the unique difficulties facing the province in the absence of an Executive. We were surprised that, given the lack of formal channels through which Northern Ireland's priorities could be fed into UK policy-making processes, there appeared to have been limited engagement by the UK Government with DAERA and with the parties in Northern Ireland on this issue. The importance of agriculture to the Northern Ireland economy means there is an urgent need for clarity about the direction of future policy, and so contingency plans are required for making essential decisions should the current political deadlock continue.**

39. ***The Government should identify areas in which it can lend capacity and share knowledge to support DAERA's preparations for Brexit, including in the development of policy options and rollout of pilot programmes. The Government should also proactively engage with agriculture stakeholders in Northern Ireland to ensure that the province's views are not overlooked due to a lack of formal ministerial representation. The Government must also set out how, if the Executive is not reconstituted by the end of the year, it will develop and legislate for post-Brexit agriculture policy for Northern Ireland. If primary legislation is required, and the required measures fall within the scope of the Agriculture Bill, the Government should introduce amendments to that Bill as needed.***

Common frameworks

40. The Common Agricultural Policy establishes common baseline rules and standards in areas relating to agriculture, such as animal welfare and environmental management. When the UK leaves the EU it will gain greater control over these policy areas. Agriculture policy is devolved, and so in principle the various administrations could take different approaches to these issues. However, we heard from Dr Viviane Gravey and Dr Mary

73 HC Deb, 9 July 2018, col 755 [Commons Chamber]

74 HC Deb, 6 September 2018, col 348 [Commons Chamber]

Dobbs that there is a case for retaining a common approach across the UK in order to deal with issues that are by their nature not isolated to any one region, such as air pollution and management of waterways.[75]

41. Health and Harmony recognises that some aspects of agriculture policy will require the various UK administrations to co-ordinate their approach so that consistent standards are met across the UK.[76] The Joint Ministerial Committee on EU Negotiations has agreed to establish 'common frameworks' through which these standards can be agreed.[77] Health and Harmony reproduces the principles agreed by the Joint Ministerial Council, which state that frameworks will be established where they are necessary to:

- enable the UK's internal market to function; ensure compliance with international obligations;
- ensure the UK can enter into new trade agreements and international treaties;
- enable the management of common resources;
- administer and provide access to justice in cases with a cross-border element; and
- safeguard the security of the UK.[78]

Health and Harmony states that common frameworks will lead to an increase in decision-making powers for the devolved administrations, and will "ensure recognition of the economic and social linkages between Northern Ireland and Ireland and that Northern Ireland will be the only part of the UK that shares a land border with the EU." The consultation also states that common frameworks will "adhere to the Belfast Agreement."[79]

42. At this stage, however, it is not clear how these common frameworks will be agreed, or what they will look like. The Agriculture Bill does not provide any further clarity on how common frameworks for agricultural and environmental policy areas will work.[80] The Public Administration and Constitutional Affairs Committee (PACAC), in its report on *Devolution and Exiting the EU: reconciling differences and building strong relationships*, concluded that "the UK Government does not have a common strategy or policy for how Common Frameworks should operate, and is instead leaving it to different Whitehall departments to develop their own strategies and models."[81] The Agriculture Minister has not confirmed how the Department intends to establish common frameworks for agriculture; it is therefore not clear whether representatives of Northern Ireland will be able to take decisions on, or even influence, how the common frameworks that will affect Northern Ireland's farmers are designed.

75 Qq35–36; Dr Viviane Gravey and Dr Mary Dobbs (AGR0002)
76 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 7
77 Joint Ministerial Committee (EU Negotiations) Communique, October 2017, p 2
78 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 59
79 Ibid., p 60
80 Agriculture Bill
81 Public Administration and Constitutional Affairs Committee, Eighth Report of Session 2017–19, Devolution and Exiting the EU: reconciling differences and building strong relationships, p 33

43. The UK Government published an analysis of the powers returning from the EU to the UK following the UK's departure from the EU, identifying where these powers intersected with devolved and reserved policy areas.[82] Of the 153 policy areas identified, 31 are listed as being wholly or partly the responsibility of Defra; the Government's analysis proposes that 18 of these could potentially be the subject of legislative common frameworks, which would set out in statute how policy in these areas would be subject to common rules across the UK. These include: agricultural support; animal welfare; rules on the use of pesticides; food labelling; and plant health.[83] Dr Mary Dobbs suggested that this list should be expanded to include policies relating to environmental quality such as air and water quality.[84] The Government's analysis categorises these as being the potential subjects of non-legislative frameworks, where common rules and standards are agreed between the administrations without needing to be set out in statute.[85]

44. Witnesses told us it was important to strike the right balance between commonality and flexibility. Wesley Aston of the UFU said that an overarching UK framework was needed to avoid creating competitive distortions within the UK.[86] However, he stressed the importance of being able to regionalise certain aspects, such as the level of direct financial support offered to farmers.[87] Dr Mary Dobbs said that the frameworks did not need to be detailed or extensive, but could take the form of minimum standards that regions could exceed if they chose.[88] Witnesses acknowledged the tension between common frameworks and the principle of devolution. However, Dr Gravey took the view that UK-wide frameworks should not be seen as undermining devolution, provided that the devolved administrations were sufficiently involved in designing and agreeing them and that Westminster did not take decisions for the whole of the UK.[89]

45. ***The Government should, during the passage of the Agriculture Bill, set out to the House the process by which common frameworks for UK-wide aspects of agriculture policy will be developed and agreed. These frameworks should be reached by agreement between the relevant devolved administrations and not set in Westminster. In the absence of a Northern Ireland Executive, the UK Government should engage with both the Northern Ireland Civil Service and the main political parties in Northern Ireland to discuss these arrangements.***

82 HM Government, Frameworks Analysis: Breakdown of areas of EU law that intersect with devolved competence in Scotland, Wales and Northern Ireland, 9 March 2018
83 Ibid.
84 Q35
85 HM Government, Frameworks Analysis: Breakdown of areas of EU law that intersect with devolved competence in Scotland, Wales and Northern Ireland, 9 March 2018
86 Q4
87 Q33
88 Q35
89 Q35

2 Financial support for agriculture in Northern Ireland

46. In this chapter we consider how agricultural policy might support Northern Ireland's farmers in the future. We examine:

- the Direct Payments farmers currently receive under the EU's Common Agricultural Policy (CAP);
- the UK Government's proposals for the future of agricultural support as set out in its Health and Harmony consultation, and later in its Agriculture Bill;
- DAERA's own proposals for how Direct Payments could operate in Northern Ireland after Brexit;
- the rules with which farmers need to comply in order to qualify for financial support, and the Government's ambition to reduce the regulatory burden on farmers through a system of 'smarter regulation.';
- other kinds of financial support available to farmers, such as capital grants, and the extent to which farmers in Northern Ireland have been able to take advantage of these funding streams to develop their businesses;
- the types of schemes that might be designed in the future to meet the needs of Northern Ireland agriculture; and
- how farmland in Northern Ireland is managed through the use of 'Conacre Agreements', and proposals for incentivising longer farm tenancies.

Direct support for farmers in Northern Ireland

47. Under the CAP some farmers are eligible for financial support. Support payments made under the CAP have two main components, known as "pillars": Pillar 1 payments (Direct Payments) are direct income support payments to farmers based on the amount of land they farm and how they farm it; Pillar 2 payments are tied to rural development objectives such as improving competitiveness in agriculture and managing the natural environment, and are administered through Rural Development Programmes. Pillar 1 funding in the UK is administered via the Basic Payment Scheme (BPS), although farmers who meet certain criteria can also qualify for additional funding streams such as the Young Farmers Payment. In 2017 farmers in Northern Ireland received £313.2 million in Direct Payments, £195 million of which was awarded through the Basic Payment Scheme.[90] The total allocation of CAP funds to Northern Ireland during the CAP period 2014–20 was €2,526 million, 9% of the UK's total allocation. Of Northern Ireland's allocation, €2,299 million (91%) was Pillar 1 funding.[91]

48. Farmers in Northern Ireland receive, on average, higher levels of direct support than farmers in other areas of the UK.[92]There are several reasons for this. A large proportion

90 DAERA, Statistical Review of Northern Ireland Agriculture 2017, 29 March 2018, p 17
91 Defra, UK CAP allocations announced, 8 November 2013
92 Q2

of farms in Northern Ireland are located in “Less Favoured Areas” (LFAs), defined as areas where the natural environment or climate makes agricultural production difficult. Farmers who operate on these areas are entitled to additional support under the LFA payment scheme, which exists to incentivise the continued use of such land. Northern Ireland also has a much higher proportion of cattle and sheep farms—which receive some of the highest levels of subsidy within the agriculture sector—than other regions of the UK.

49. As a result of the structure of Northern Ireland’s agriculture sector, a large number of farms in Northern Ireland are dependent on direct support in order to survive. DAERA’s analysis of farm incomes shows that the average Direct Payment received by farms in Northern Ireland is higher than the average Farm Business Income (the Government’s standard measure of farm income). For LFA cattle and sheep farms, Direct Payments equate to 150% of Farm Business Income.[93] However, there are significant variations in the amount of support received, and not all sectors are reliant on direct support. For example, DAERA’s figures show that, on average, Direct Payments to pig farms equate to just 25% of their Farm Business Income.[94] We also heard that the mushroom and horticulture industry receives little in the way of direct support.[95]

50. We heard broad support for the continuation of direct payment to farmers in some form. Ian Stevenson of the Livestock and Meat Commission told us that continued direct support would be “absolutely critical” for cattle and sheep farmers in marginal areas, particularly as such operations were likely to be smaller than other farms.[96] He added that:

> If we find ourselves going off on a totally different policy direction with reduced support and across the border there are farmers receiving large amounts of support under the CAP, then our suppliers are going to be at a significant disadvantage.[97]

Allan Chambers, an arable farmer from East Down, said that cereal production would not survive without the continuation of some form of payment:

> What I have checked out with contacts in the Republic, the review of the Common Agricultural Policy […] is that area payments will continue. Farmers, my counterparts in County Louth, will continue to get the same support that they are getting, which is about £100 an acre. […] That equates to about £30 a tonne. How can I survive? How can my business continue to thrive and expand when my neighbour down the road is getting the equivalent of £30 a tonne more than I am?[98]

Peter Gallagher, a cattle and sheep farmer in Fermanagh, stressed the importance of support to farms on more marginal land, noting that production on these farms is often less intensive, but nonetheless valuable because it is environmentally sustainable and delivers benefits for the natural landscape and environmental tourism. He told us:

93 DAERA, Farm Incomes in Northern Ireland 2016/17, March 2018, p 16,
94 Ibid. p 16,
95 Northway Mushrooms (AGR0007)
96 Q166
97 Q176
98 Q222

> I would be afraid that post-Brexit and without some of the protection that Europe currently gives to those regions, we will see a massive shift in concentration of all production and everything into isolated pockets of Northern Ireland, with 60% of the land mass more or less forgotten and abandoned. That is where I think we need to be careful in how we develop our policy.[99]

51. Witnesses told us about the benefits of tying future support to environmental and rural development objectives, and told us that the CAP had not always delivered the environmental benefits promised. Nature Matters NI—a campaign group led by a coalition of environmental organisations in Northern Ireland—emphasised the importance of environmental outcomes, and told us that while aspects of the CAP had delivered public benefits (namely the Rural Development Programmes contained within Pillar 2) Direct Payments to farmers had failed to deliver wider benefits. They told us the CAP had "ultimately failed to deliver the benefits expected of a publicly funded policy."[100] The UFU and the Northern Ireland Meat Exporters Association (NIMEA) told us that there was scope for improving productivity on many farms, and NIMEA noted that existing direct support did not require farms to improve their productivity.[101]

The Government's proposals for direct support

52. Health and Harmony sets out the Government's proposals for the future of Direct Payments in England. The Government argues for a move away from Direct Payments, saying they have been poor value for money, have undermined farmers' competitiveness and have created market distortions. It therefore proposes that direct income support for farms should be replaced with payments for delivering specific outcomes and funding for investments in farm businesses. However, the Government said it also recognises that Direct Payments provide stability and support to farmers in the short-term, and therefore proposes a phased reduction in Direct Payments, with a view to eliminating them completely over time.[102] Health and Harmony therefore proposes using the Basic Payment Scheme in 2019 under the present rules, before beginning an "agricultural transition" period from 2020 during which reductions to Direct Payments would be applied.[103] The Agriculture Bill changed the proposed date for the start of the agricultural transition to 2021.[104] Health and Harmony states that the total level of cash funding for the sector would be maintained for the remainder of this Parliament (currently expected to last until 2022), but that this funding would be allocated differently.[105]

53. Health and Harmony proposes that following the phasing-out of Direct Payments, funding for agriculture will be underpinned by the principle of "public money for public goods".[106] Examples of public goods suggested in Health and Harmony are:

- environmental enhancement and protection;

99 Q328
100 Nature Matters NI (AGR0006)
101 Qq 42, 173
102 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 20
103 Ibid., p 20
104 Agriculture Bill, Clause 5
105 Ibid., p 7
106 Ibid., p 20

- better animal and plant health and animal welfare;
- improved productivity and competitiveness;
- preserving rural resilience and traditional farming and landscapes in the uplands; and
- public access to the countryside.[107]

The new scheme would be funded from the reduction in Direct Payments during the agricultural transition. The Government proposes several options for how these reductions might be applied, including progressive banded reductions to payments above £25,000 and a cap on the largest payments.[108] The Minister also told us that there would be flexibility for the devolved administrations to implement reductions in ways that suit their circumstances.[109]

54. The Agriculture Bill empowers the Secretary of State to make payments to farmers, to modify the rules of the payment scheme, and to specify an agricultural transition period over which Direct Payments can be phased out.[110] The Bill states that the agricultural transition period would last from 2021–27.[111] These powers apply to England only.[112] The Explanatory Notes to the Bill state that the Bill will allow the Government to pursue a policy of "public money for public goods" as set out in Health and Harmony.[113] Schedule 4 confers on DAERA the power to modify legislation governing its own Direct Payments scheme.[114]

55. DAERA's consultation paper suggests it would take advantage of this opportunity to continue to pay Direct Payments during the 2020 and 2021 scheme years. It says that the Department "will seek the legal authority to maintain the *status quo* during these years, enabling it to continue to implement the Direct Payment schemes as if they were still operating under EU rules."[115] Although the Department suggests that "limited changes" could be made during this period, this would mean in effect that farmers in Northern Ireland would continue to receive Direct Payments under EU rules until the end of the 2021 scheme year, two years longer than their counterparts in England would under the Health and Harmony proposals.[116]

56. It is not clear whether DAERA's proposal to maintain EU rules includes maintaining alignment with any changes to the CAP that come into effect in the 2021 scheme year. The current CAP agreement will expire in 2020 and will be replaced by a new agreement, currently being negotiated. It is therefore possible that the EU rules for Direct Payments will change for the 2021 scheme year. DAERA could choose either to keep the scheme rules that currently exist, or to change the scheme to maintain alignment with the reformed CAP, but it is not clear which course it will take in the absence of ministerial direction. The former approach would give farmers in Northern Ireland certainty about the level

107 Ibid., p 32–35
108 Ibid., p 21
109 Q403
110 Agriculture Bill
111 Ibid., Clause 5
112 Ibid., Clause 5
113 Explanatory Notes to the Agriculture Bill [Bill 266, (2017–19)—EN]
114 Agriculture Bill, Schedule 4
115 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 13
116 Ibid., p 13

of support they would receive during 2021 (in comparison to farmers in the EU, who will not know how the scheme will operate in 2021 until the new CAP arrangements are finalised) while the latter would ensure that farmers in Northern Ireland are not placed at a competitive disadvantage by any changes that might be in the post-2020 round of CAP reform.

57. In August the Government published guidance for farmers to help them prepare for a scenario in which no deal is reached with the EU.[117] The guidance confirms that "eligible beneficiaries will continue to receive payments under the terms of the UK government's funding guarantee." The powers transposed into UK law under the European Union (Withdrawal) Act will enable the Government to continue to deliver payments in line with existing CAP rules, and the payment scheme will continue to operate on these terms until a future agricultural policy is introduced. The Government has also confirmed that its commitment to maintain total funding for farm support will still be met in a no deal scenario.[118] The Government also restated that Rural Development Programme projects will continue to be funded for the projects' full lifetime.[119] The proposed no deal arrangement is not materially different from the approach outlined in Health and Harmony and the Agriculture Bill; it is therefore expected that farm payments will not be disrupted in the event of a no deal.

58. DAERA has stated that its objective for the 2020–2021 scheme years will be:

> to ensure that the share of the UK agricultural budget made available to Northern Ireland will reflect Northern Ireland's current combined CAP Pillar 1 and Pillar 2 share and that it will be sufficient to deliver the outcomes sought under this framework."[120]

This objective is potentially compatible with the Government's commitment to maintain overall levels of agriculture spending until the end of the current Parliament, as set out in Health and Harmony. If DAERA is able to achieve this objective, it states that it will be able to continue implementing Direct Payment schemes on current terms until the end of the 2021 CAP scheme year.[121]

59. Witnesses broadly welcomed the principle of "public money for public goods." However, it was pointed out that this approach was neither new nor a significant departure from the direction of policy being pursued by the EU.[122] We heard a range of views on what might be considered public goods. The UFU suggested that food security was a public good that is not included in Health and Harmony, and the Northern Ireland Meat Exporters Association expressed concern that this issue was not given sufficient priority in the consultation document.[123] DAERA's consultation paper mentions food security as a "highly important strategic context within which agricultural policy must operate."[124]

117 Department for Environment, Food and Rural Affairs, Guidance: Farm payments if there's no Brexit deal, 23 August 2018; Department for Environment, Food and Rural Affairs, Guidance: Receiving rural development funding if there's no Brexit deal, 23 August 2018
118 Defra, Guidance: Farm payments if there's no Brexit deal, 23 August 2018
119 Defra, Guidance: Receiving rural development funding if there's no Brexit deal, 23 August 2018
120 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 12
121 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 13
122 Dr Viviane Gravey and Dr Mary Dobbs (AGR0002), p 2; Professor Joseph McMahon (AGR0015), p 2
123 Q15; Q211
124 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 20

60. Prior to the publication of DAERA's consultation, some witnesses told us that the Government's plans would be unsuited to Northern Ireland, and that the policy suggested for England in Health and Harmony would not be able deliver the same rate of investment in agriculture and provision of public goods in Northern Ireland. For example: Dr Viviane Gravey told us that, as payments in Northern Ireland are already capped at €150,000—a fact not acknowledged in Health and Harmony—the proposal to cap payments would not free up money to fund the agricultural transition in Northern Ireland, as it would in England.[125] The Minister told us that Northern Ireland would have the power to apply CAP reductions at its own pace and would be able to "proceed cautiously with the transition over a period of years" if it so chose.[126] However, Northern Ireland could only take such a decision if it had the funding to do so, and the Government has so far made no guarantee that funding for agricultural support will be maintained beyond the end of this Parliament.

61. We heard mixed views on the extent to which Health and Harmony's proposal to rebalance funding away from Direct Payments and towards capital grants would benefit farmers. Ian Duff, of the Northern Ireland Stakeholder Potato Promotion Group, told us that the Republic of Ireland had introduced a subsidy scheme to encourage capital investment in its potato sector. He said he believed a similar strategy could enable the potato and horticulture sectors in Northern Ireland to grow.[127] By contrast, Allan Chambers told us that his cereal farm was not large enough to justify the high up-front cost of investments in technology like drones and driverless tractors. He suggested that the grant schemes available to arable farmers were skewed towards large-scale, high-tech farming of the kind more commonly found in England.[128]

62. Some witnesses warned that many small farms are already marginal businesses and dependent on Direct Payments for survival. Dr Mary Dobbs told us that the extra money Health and Harmony proposes making available for agri-environmental schemes would be most likely to benefit farms which already had capital to invest; she said that for smaller farms Direct Payments were still required "just to get by, day by day."[129] Professor Joseph McMahon of University College Dublin argued that a move away from Direct Payments, as envisaged in the Defra consultation paper, could "threaten the continuing viability of small farms and impact negatively on the development of rural areas."[130]

63. DAERA's consultation notes that Direct Payments have in the past provided a degree of stability for farms and helped to guard against the volatility that threatens some of the more marginal businesses in the sector.[131] It sets out a number of options for how agricultural policy might foster resilience in the future, including: incorporating a basic farm resilience payment into the package of support offered to farmers; income insurance measures, potentially requiring contributions from farmers; and fiscal measures such as the deposit schemes currently operated in Australia, which allow farmers to credit income to an account in profitable years that can later be drawn on during lower income periods.[132]

125 Q2; Prof. Joseph McMahon (AGR0015), p 2
126 Qq403, 406
127 Q74
128 Q223
129 Qq14–15
130 Prof. Joseph McMahon (AGR0015)
131 DAERA: Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 29
132 Ibid., p 29–31

64. Nature Matters NI told us that transitioning away from direct income support to an outcome-based payment system was necessary to prevent the degradation of the natural environment, but could also help farms become more resilient and protect farmers' livelihoods in the long term. They noted that in Wales, where the agricultural sector has structural similarities to Northern Ireland's, the Welsh Government has proposed an agricultural transition similar to that envisaged in Health and Harmony. The Welsh Government's proposal will phase out Direct Payments by 2025 in favour of a system of public funding for public goods.[133]

65. Our witnesses emphasised that farmers needed clarity on the future of Direct Payments as soon as possible. Sarah Baker of the Agriculture and Horticulture Development Board told us that farming is a sector with very long planning cycles, and that the transition from one policy environment to another would be a slower process than in other industries. She said that the transition period was welcome for this reason, but that it should not be seen as a "breathing space" and instead as "a critical time to allow the industry time to make those necessary adaptations to survive post-Brexit."[134] She told us that investment in cereal growers' businesses had already declined because of uncertainty around future policy.[135] The Livestock and Meat Commission took a similar view, and told us that investment in that sector had recently declined because of uncertainty about the future of direct support.[136]

66. **Direct Payments are essential to the viability of much of the agriculture sector in Northern Ireland, and the level of support available to Northern Ireland farms must not be reduced following Brexit.** ***Northern Ireland's agricultural funding should be maintained until at least 2022. The UK Government must bring forward, as a matter of priority, plans for the allocation of funding for agricultural support post-2022, to ensure that the devolved administration has a basis for planning its own future agricultural policies and support mechanisms.***

67. **We are concerned that, in the absence of a specific objective to maintain farm income and if the Government's agricultural policy were applied to Northern Ireland, it would mean many farms would become unsustainable due to the large number for which subsidies are of existential importance. This would have serious consequences for rural communities and the rural landscape.** ***We urge the responsible department to ensure that the definition of "public goods" it uses when considering future agricultural policy includes the survival of farms as essential rural assets.***

68. **While incentives to invest in modern and more efficient farming practices are welcome, we recognise that such innovations are not always appropriate or efficacious for smaller farming businesses.** ***In recognition of the fact that the vast majority of farms in Northern Ireland are small businesses and do not have the same scope for intensification and mechanisation as their larger counterparts, area payments should be retained as an element of agricultural support beyond 2022.***

69. **DAERA's consultation document on future agricultural policy provides a welcome indication of how the Department intends to deliver Direct Payments if no Executive is formed before exit day. The Department has confirmed that it will "seek**

133 Nature Matters NI (AGR0016), p 3
134 Q77
135 Q117
136 Qq207–208

the legal authority to maintain the status quo" for 2020 and 2021. However, there is some ambiguity over whether it would maintain alignment with CAP rules during the 2021 scheme year (potentially altering Direct Payments to mirror the post-2020 CAP settlement) or continue to make payments under the existing rules. ***DAERA should clarify whether—in the 2021 scheme year—it will seek authority to continue to pay Direct Payments under the current CAP rule or maintain alignment with the CAP.***

Bespoke support schemes

70. In addition to Direct Payments, we heard of more specialised schemes that supported specific subsectors or incentivised certain types of investment, which witnesses were keen to see either continue or be reinstated. For example, Northway Mushrooms told us that they received funding through the EU's Producer Organisation Scheme, which had enabled them to dramatically increase the scale of their growers' production.[137] Chief Executive Elaine Shaw told us that they were investing in a new compost yard facility, but that their ability to access finance going forward might be compromised if they were no longer able to participate in the scheme.[138] Northway said that the current Producer Organisation Scheme programme was due to continue until 2022, but that it was unclear whether they would be allowed to continue as part of the scheme after Brexit.

71. We were told that the absence of a Northern Ireland Executive meant some existing grants and support schemes could not be renewed, leaving farmers and processors unable to access funding. Elaine Shaw and Ian Duff told us that the Food Processing Grant scheme, a successor to the Processing and Marketing Grant Scheme which provided £23.5m of capital grants to agri-food businesses across Northern Ireland between 2008–2013, had not been implemented by DAERA.[139] Mr Duff told us that potato packers in Northern Ireland would benefit from this scheme but were unable to access it.[140] The Department has stated that it "has no plans to launch the proposed scheme in the absence of a Minister".[141]

72. Witnesses reported that Northern Ireland farmers' and processors' inability to access grant and support schemes was placing the agri-food sector at a disadvantage, both compared to agri-food in other parts of the UK and in the Republic of Ireland. For example, Conall Donnelly of the Northern Ireland Meat Exporters Association told us that a Food Processing Grant Scheme was operating in Scotland and Wales, meaning businesses there could receive support worth up to 40% and 20% of capital costs respectively. He warned that that the processing sector in Northern Ireland was "losing out" in comparison.[142]

73. We heard from several witnesses that the Republic of Ireland had invested heavily in improving agricultural productivity through schemes like the Beef Data and Genomics Programme and capital grants like the Targeted Agricultural Modernisation Scheme. Ian Duff told us that in the potato sector, this meant the Republic was "better equipped and mechanised than we would be at the minute."[143] William Irvine—a dairy farmer in Country Armagh—told us that, irrespective of the amount of funding available, the

137 Q70
138 Q70
139 Q120
140 Q156
141 HC Deb, 9 July 2018, Col 784 [Commons Chamber]
142 Q159
143 Qq66, 159

Republic of Ireland "seem to be more farmer-friendly in how they support their farmers and encourage them to grow and develop" making the process of applying for grants less complicated for farmers.[144]

74. Some witnesses suggested that, following Brexit, it would be possible to design support schemes better suited to the circumstances of Northern Ireland. Ian Duff told us that the development of a new farm subsidy programme could allow for "specifically tailored schemes" for the potato sector.[145] Elaine Shaw told us that there was scope to expand participation in the Producer Organisation Scheme for fruit and vegetable growers by changing the aspects of the EU's scheme that have been barriers to participation.[146] DAERA's consultation document proposes that farm businesses should have access to "targeted investment aid that supports innovation and new technology uptake that is aligned to other strategic objectives, notably environmental performance." The document suggests that, in addition to capital grants, alternative financial instruments such as loan funds or loan guarantees could be used to help farms access finance to invest in their businesses.[147]

75. The Minister told us that he recognised that farmers operated in different circumstances in Northern Ireland, and that there would be scope for designing bespoke support schemes for Northern Ireland:

> When it comes to the design of future policy, so support policies, incentive policies and grant policies to encourage productivity and the like, it will be very much for devolved administrations to design and it will be for a future Northern Ireland administration to design its own scheme.[148]

However, he did not explain—nor does Health and Harmony make clear—what support would be available to farmers in Northern Ireland post-Brexit should an Executive not be formed by that time.

76. Schedule 4(4) of the Agriculture Bill enables DAERA to modify legislation governing rural development schemes in Northern Ireland.[149] This would enable DAERA to allocate funding for rural development in a different way to England, and to retain or modify aspects of existing EU legislation that are transposed into Northern Ireland law.

77. Part 6 of the Agriculture Bill provides for the creation of Producer Organisations.[150] The Explanatory Notes to the Bill state that the European Union (Withdrawal) Act will convert existing EU rules regarding POs into UK law, and that through the powers in the Agriculture Bill "a domestic PO regime will be created under which any new PO will be recognised and to which existing POs will eventually transition."[151] Schedule 2 of the Bill amends the Competition Act 1998 to create similar exemptions for POs to those that exist under current EU rules.[152]

144 Q269
145 Q74
146 Q155
147 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 26
148 Q363
149 Agriculture Bill, Schedule 4(4)
150 Agriculture Bill, Part 6
151 Explanatory Notes to the Agriculture Bill, p 29
152 Agriculture Bill, Schedule 2; Explanatory Notes to the Agriculture Bill, p 30

78. **We are concerned that it is considerably more difficult for agricultural businesses in Northern Ireland to access EU derived/approved capital funding than it is for their counterparts in the Republic of Ireland. This distorts the market across the island of Ireland and harms the competitiveness of farm businesses in Northern Ireland. The problem has been exacerbated by the lack of a functioning Executive and the inability of DAERA, without ministers, to renew existing schemes and authorise new ones. We find this completely unacceptable. Post-Brexit, it will be possible to design a wider range of schemes for farm support and rural development that are tailored to the specific environmental and economic circumstances of Northern Ireland.** ***The Government should proactively engage with the Northern Ireland Civil Service, farmers and the agri-food sector to identify opportunities for targeted funding which would bring most benefit, and identify at-risk sectors in need of priority assistance. The Government can no longer rely on an imminently restored Executive. It must now take the lead, working with DAERA to develop an approach that allows farmers in Northern Ireland to access funding streams to develop their businesses, in a way equivalent to their counterparts in other parts of the UK and to erase the competitive disadvantage with the Republic.***

Regulation and compliance

79. Farmers who receive Direct Payments under the CAP have to demonstrate "cross-compliance" with EU rules designed to preserve the natural environment and maintain animal and plant health standards. Farms and produce can be subject to inspection, and non-compliance can result in payments being partly or wholly withheld.

80. We heard criticism of the way that cross-compliance requirements are enforced. The UFU told us that penalties were disproportionate and that this had turned many farmers against the scheme.[153] Dr Viviane Gravey added that compliance placed greater pressure on smaller farms; while larger businesses can employ professional consultants to help them meet the required standards, this option is not always available to smaller operations.[154]

81. Farmers told us that EU rules are sometimes seen as being too prescriptive, to the extent that they created perverse incentives for farmers resulting in sub-optimal practices. William Irvin, told us that EU rules were often designed with the circumstances of farmers in Mediterranean countries in mind, and that it was not practical for those same rules to be applied to farmers in areas like Northern Ireland.[155] One common complaint we heard related to rules on the spreading of slurry. EU rules state slurry must not be spread within specified dates (known as the "close period") in order to minimise water pollution. Mr Irvine told us that such restrictions were counterproductive:

> On the slurry issue, and what is referred to as the close period […] it is very frustrating to try to farm to the calendar when Mother Nature is busy doing her own thing. You could have a dry November when you should be doing it. For me, it is not actually delivering for the environment because and instinct of farmers is to get the tanks emptied before the close period. Sometimes we empty those tanks even though the ground is not, strictly speaking, suitable.[156]

153 Q41
154 Q41
155 Q337
156 Q335

The UFU told us that this focus on process, rather than outcomes, was a source of frustration for many farmers.[157]

82. The Health and Harmony consultation paper acknowledges farmers' concerns about the culture of regulation under the CAP. In a section entitled "Changing regulatory culture" it says that "the current system puts excessive burdens on farmers and can be very rigid in its application."[158] This is consistent with the concerns we heard from farmers. The UFU told us that minor infractions could result in the loss of 3% of a farmer's Direct Payment, a significant amount in an industry where margins are slim.[159] Chief Executive Wesley Aston told us that the industry was optimistic about the Government's ability to deliver a "common sense approach" and an "outcome-based process, as opposed to a regulatory environment."[160]

83. The Government has commissioned a review of farm inspection and regulation, led by Dame Glenys Stacey,[161] which published an interim report in July 2018.[162] The review's preliminary findings identified that requirements are complex and unclear, that enforcement is rigid, and that regulations incentivise particular behaviours rather than outcomes.[163] The review intends to publish its final report later this year.

84. The Rt. Hon Michael Gove MP, the Secretary of State for the Environment, has said that the Government was committed to maintaining—and potentially raising—standards in these areas.[164] The EU has proposed including a "non-regression clause" in any future trade deal between the EU and the UK, but the Environment Secretary has indicated that the UK would not accept such a clause, saying he does "not think it is necessary" for maintaining high standards.[165] Health and Harmony's chapter on "Fulfilling our responsibility to animals" says that there is "scope to raise [the] regulatory baseline, whilst also simplifying and improving enforcement."[166]

85. Some of our witnesses highlighted the tension between the aims of simplifying regulation and preserving high standards in UK farming. They cautioned against the view that having an independent UK policy would necessarily entail a great reduction in the level of regulation. Sarah Baker of the Agriculture and Horticulture Development Board told us the perception that the EU was the primary driver of agricultural regulation was "somewhat misguided". She told us:

> If we have a new agricultural policy with very new schemes, the Public Money for Public Goods, that has to be robust and examinable and provide evidence that presumably will require inspections at some level. I think [Dame Glenys] has a very challenging job on her hands looking at that.[167]

157 Q17
158 Defra, Health and Harmony: the future for food, farming and the environment in a Green Brexit, February 2018, p 49
159 Q14
160 Q56
161 Defra, Independent report: Farm Inspection and Regulation Review, Accessed 16 August 2018
162 Defra, Farm Inspection & Regulation Review: July 2018 Interim report, 12 July 2018
163 Farm Inspection & Regulation review, July 2018 Interim report, p 4–8
164 BBC, Brexit 'will enhance' UK wildlife laws – Gove, 19 June 2017
165 European Commission, Remarks by Michel Barnier at Green 10: "Is Brexit a threat to the future of the EU's environment?", 10 April 2018; Evidence to the Environmental Audit Committee, 18 April 2018, Qq148–149
166 Defra, Health and Harmony: the future for food, farming and the environment in a Green Brexit, Cm 9577, February 2018
167 Q139

Ian Duff told us that simplifying regulation was a popular concept, but was easier said than done.[168] We heard similar views from the Horticulture Forum for Northern Ireland, who told us that "once public funding becomes involved audit requirements and the need to demonstrate value for money will increase the complexity and scrutiny requirements."[169]

86. The farmers we spoke to noted that the Government was not the only body enforcing high farming standards, and that industry-funded food quality assurance schemes like Red Tractor, as well as supermarkets themselves, had their own standards and could suspend farmers from supplying produce if standards were not met.[170] Thomas Douglas, a poultry farmer from County Tyrone, told us:

> If you get a Red Tractor inspection and there is something wrong on the farm, you have a month, I think, to send them in the information that you have fixed that. If after that period of time you are suspended from the scheme, your product can go nowhere.[171]

87. We heard from farmers that the interpretation of environmental regulations by DAERA had made it difficult for some businesses to make improvements to their farms. A number of planning applications made under the Farm Business Improvement Scheme for new pig units or to expand milking parlours have been challenged on the grounds that they would lead to unacceptable increases in ammonia emissions. We heard that this was because rules on emissions were being interpreted more strictly in Northern Ireland than in other areas of the UK. As a result, farmers in Northern Ireland were being denied permission to proceed with applications which would be approved in England, Scotland or Wales.[172] There was a perception that regulations in Northern Ireland were "gold plate[d]" to the extent that they became "unworkable."[173]

88. **EU farming regulations have been frustrating for farmers, and at times counterproductive. Brexit is an opportunity to redesign farming regulation and inspection to simplify compliance and to reflect the circumstances in which Northern Ireland's farmers operate. The Government's ambition is to introduce smarter regulation and enforcement, but we heard that this may be easier said than done. There is also a tension between reducing regulatory burdens and maintaining the high environmental and animal welfare standards that the public expects. We therefore welcome the Government's decision to commission the Stacey Review to look at the future of regulation and enforcement in a comprehensive way.**

89. ***When designing the post-Brexit system of agricultural regulation and enforcement, the Government should seek to reduce the regulatory burden on farmers where it is possible to do so without compromising standards or risking reduced compliance. At a minimum, the new system should be no more burdensome than that which already exists.***

90. **Farmers in Northern Ireland should be able to compete on a level playing field with their counterparts in other regions of the UK, and should not be put at a disadvantage**

168 Q140
169 Horticulture Forum for Northern Ireland (AGR0003)
170 Qq340–341, 344–347
171 Q347
172 Qq269–274
173 Q273

because common rules are interpreted differently across different jurisdictions. ***The Government should work with the devolved administrations to investigate whether existing environmental regulations are being interpreted consistently across the UK Prior to exit day, it should set out how it intends to ensure consistent application of the UK's regulatory regime following Brexit.***

Land leasing

91. We heard evidence that the management of agricultural land in Northern Ireland was inhibiting the development of agricultural businesses. Several witnesses highlighted the use of "conacre" agreements in Northern Ireland as an obstacle to the development of agricultural land. Conacre agreements are a unique feature of land letting in Northern Ireland and the Republic of Ireland that developed during the 19th century. Under a conacre agreement, holdings are let on an eleven-month or 364-day basis; which is enough time for a crop to be grown and harvested. In practice many conacre agreements are renewed each year, but the system puts farmers in a less secure position than those on longer-term tenancies.

92. Witnesses told us that the conacre system was a disincentive to making agricultural land more productive. Allan Chambers told us that there was little incentive for an individual farmer to invest time, effort and resources in improving the productive capacity of land when there was no guarantee that they would be farming it in a year's time.[174] Peter Gallagher told us that conacre agreements made forward planning much more difficult for businesses: He gave an example of a typical dilemma for a cattle or sheep farmer:

> You are sitting in the month of February going, "Should I sell this stock or not? Will I have the ground come April/May to release the animals to, or will I have to go to market with them?" That determines how you treat them and feed them over the winter and everything else.[175]

William Irvine added that without the security of a longer-term tenancy, there was little reason for farmers to invest in improvements to land which might make it more productive.[176]

93. We heard that fiscal policy can be used to incentivise landlords to grant longer-term tenancies for agricultural land.[177] The Republic of Ireland has already employed this approach: in 1985 it introduced tax-free allowances on income from agricultural land, which increase based on the length of the lease. The level of relief was subsequently increased, most recently in 2014.[178] The latest figures available from the Republic's Revenue Commissioners show that the number of landowners taking advantage of this relief increased from 3,980 in 2012 to 8,490 in 2016, suggesting that landowners are increasing their use of longer-term tenancies.[179]

94. DAERA's consultation paper on agricultural policy raises the connection between land tenure and investment, and proposes steps that could encourage a transition away

174 Q257
175 Q351
176 Q353
177 Q257
178 Department of Agriculture, Food and the Marine, Income Tax Measures, Accessed 30 July 2018
179 Revenue, The Farming Sector in Ireland: A Profile from Revenue Data Statistics Update 2018, August 2018, p 8

from conacre arrangements to longer term leases. The consultation paper supports the view that longer term leases can enable "longer term perspectives" and create "improved opportunities for participation in agri-environment schemes."[180] DAERA suggested that fiscal and tax measures could create incentives for landowners to offer longer tenancies to tenant farmers, adding that "Northern Ireland needs to ensure that it has a mechanism to make its voice heard in the setting of UK fiscal policy."[181]

95. Health and Harmony's proposals are for England, where conacre agreements do not exist, and so the consultation does not consider this issue directly. The paper does state that the Government "will explore new business models and the scope for reforming agricultural tenancy laws to support succession planning and remove barriers to investment."[182] The Minister told us that the Office for Tax Simplification is currently examining agricultural property relief, but noted that tax policies designed to incentivise certain behaviours could also have unintended consequences. He also said that some sectors benefit from the flexibility of having a short-term let, giving the examples of potatoes and short-term grazing.[183]

96. **We heard that the use of short-term conacre agreements makes it difficult for farmers in Northern Ireland to plan for the future, inhibiting the development of agricultural land. The evidence we heard from farmers in these sectors was strongly in favour of reform. We consider that reform is long overdue.** ***The Government and DAERA should pilot approaches for incentivising the use of longer term tenancy agreements for agricultural land in Northern Ireland, including tax reliefs for landlords who grant longer term tenancies. These pilots should be ready to run during the 2019–20 financial year.***

180 DAERA, Northern Ireland Future Agricultural Policy Framework: Stakeholder Engagement, 1 August 2018, p 26
181 Ibid., p 26
182 Defra, Health and Harmony: The future for food, farming and the environment in a Green Brexit, February 2018, p 25
183 Q364

3 Trade, cross-border supply chains and North-South cooperation

97. In this chapter we examine how the UK's agri-food trade relationships may change following Brexit, and how trade policy can support the agriculture sector. We consider:

- current patterns of agri-food trade between the UK and other markets;
- trade between Northern Ireland and the Republic of Ireland, how Brexit might affect this, and proposals for preventing new barriers to cross-border trade arising;
- the opportunities presented by the UK's ability to set its own independent trade policy after Brexit; and
- how trade policy can best support Northern Ireland's agriculture sector in the future.

98. At present, the UK's trade relations are largely determined by its membership of the European Union. As an EU Member State the UK enjoys free trade across the EU, where tariffs and the vast majority of non-tariff barriers have been eliminated by the Single Market. The UK is also party to various free trade agreements which have been agreed between the EU and third party countries. Northern Ireland and the Republic of Ireland's common membership of the Single Market means that, they are both required to conform to the same set of regulatory standards regarding animal health, food quality and environmental protection. Goods produced on either side of the border can therefore be assumed to meet the requirements to be sold in either jurisdiction. This means that most non-tariff barriers do not apply to North-South trade, and there is no need for goods to be checked at the border.

99. Once the UK leaves the European Union it will be able to reshape its trading relationship with the rest of the world. It will be able to set its own independent trade policy, and to strike trade deals with countries in the rest of the world under World Trade Organisation (WTO) rules. The UK will also be able to set its own tariffs on goods—again within WTO rules. This means that the UK will be able to pursue a trade policy that reflects its own economic priorities and supports different sectors of the economy. At the same time, once the UK leaves the European Union its trading relationship with the EU will change, and it may become subject to tariff or non-tariff barriers that did not apply previously.

100. The Health and Harmony White Paper outlines the Government's approach to future agricultural trade. The paper says that the Government will seek to continue existing trade arrangements with third countries, and to secure a "deep and special partnership with the EU."[184] Clause 27 of the Agriculture Bill provides the Secretary of State with powers to ensure the UK's compliance with the WTO's Agreement on Agriculture.[185]

184 Department for Environment, Food and Rural Affairs, Health and Harmony: the future for food, farming and the environment in a Green Brexit, p 61
185 Agriculture Bill, Clause 27

Current imports and exports

101. Agri-food is a crucial export sector for Northern Ireland, accounting for £3.3 billion of sales to Great Britain and the rest of the world in 2015, the most recent year for which figures are available.[186] Northern Ireland exports the majority of food it produces: nearly three quarters of agri-food produce is sold to markets outside of Northern Ireland.[187] While international exports are significant for the Northern Ireland agricultural sector, Great Britain is the largest market, being the destination for 64.1% of exported agri-food products and 48.9% of all agri-food products produced in the province.[188] The Republic of Ireland is the next biggest market, accounting for 19.1% of exports, and 31% of all Northern Ireland's sales to the Republic of Ireland are in agri-food, more than any other sector.[189] A further 12.7% of exports go to the EU, and the remaining 4.2% to the rest of the world.[190]

102. Beef and sheep meat are the most significant exports, accounting for just over £1 billion (32%) of total sales, £813.3 million of which are to other parts of the UK. Trade with the EU and the rest of the world is most important to the dairy sector, where £380.5 million (42.1%) of sales in 2015 were to destinations outside the UK—principally on the EU mainland. Some sectors are more focused on the domestic market and the Republic of Ireland: over 90% of eggs produced in Northern Ireland are for these markets.[191]

103. Imports are also important to Northern Ireland's agriculture sector. Its sizeable livestock sector requires large supplies of animal feed which cannot be met by domestic supply alone, and Northern Ireland therefore imports maize and soybean products from the United States and South America, as well as barley and wheat from Western Europe.

104. Northern Ireland's reliance on imported grain means there is a possibility that grain prices could increase after Brexit. Sarah Baker of the Agriculture and Horticulture Development Board told us that the effects of higher grain tariffs would be complex. On the one hand, local growers would be able to increase their prices and might be able to take advantage of opportunities for import substitution. On the other, a rise in feed prices would push up production costs in the livestock sector.[192]

Cross-border trade

105. Northern Ireland's agri-food sector is closely integrated with that of the Republic of Ireland, and agricultural produce crosses the border frequently. Northern Ireland exported £899.5 million worth of food and live animals to the Republic in 2017, more than any other sector and 33% of its total exports to the country.[193] Northern Ireland also imported £835.8 million of food and live animals from the Republic over that period.[194]

186 DAERA, Statistical Review of Northern Ireland Agriculture 2017, March 2018, p 58
187 DAERA, Statistical Review of Northern Ireland Agriculture 2017, March 2018, p 58
188 Ibid., p 58
189 Ibid., p 58; Northern Ireland Statistics and Research Agency, Overview of Northern Ireland Trade, 20 December 2017, p 11
190 DAERA, Statistical Review of Northern Ireland Agriculture 2017, March 2018, p 58
191 Ibid., p 58
192 Q132
193 HMRC, HMRC Regional Trade Statistics, Accessed 8 August 2018
194 Ibid.

106. Agricultural produce frequently crosses the border during the production process, and supply chains are highly integrated both at the inter-firm and intra-firm level.[195] Many companies operate premises on both sides of the border, or rely on suppliers from the other side of the border as part of their supply chains. We heard numerous examples—set out below—of industries where raw produce from one side of the border would be transported to the other for processing or packaging; in some cases the finished or packaged product might then cross the border again on its way to be sold.

107. One example of this type of integration is the dairy sector. We heard from Dairy UK that around 30% of the raw milk that is produced in Northern Ireland is transported to the Republic of Ireland to be processed.[196] Dairy UK told us that Northern Ireland does not have the processing capacity to handle all of the raw milk produced on its own dairy farms, and that only by making use of the processing capacity available in the Republic could it meet customer supply requirements.[197] William Irvine told us that his Armagh-based farm supplied its milk to Lakeland Dairies, a co-operative based in the Republic. He told us that Lakeland owns production facilities on both sides of the border, but that his milk was processed in Kildallan in County Cavan.[198]

108. Ian Duff, of the Northern Ireland Stakeholder Potato Promotion Group, told us that cross-border supply chains were also found in the potato sector, and that the larger potato packers in Northern Ireland grew their potatoes in the Republic of Ireland before transporting them north for processing and packing. Many of the packaged potatoes would then be exported back to the Republic for sale.[199] Mr Duff told us that this supply chain enabled packers in Northern Ireland to satisfy country of origin requirements in the Republic. In doing so this gave businesses access to an additional market while also allowing them to benefit from economies of scale at their processing facilities north of the border.[200] Elaine Shaw of Northway Mushrooms described a similar process in which mushrooms were moved from southern growers into northern packhouses, and from there to depots in the UK.[201] We also heard from the Agriculture and Horticulture Development Board that wheat from the Republic of Ireland was imported into Northern Ireland, then exported back across the border as flour once it had been processed.[202] Waste products also cross the border: Thomas Douglas told us that litter from his farm was transported to the Republic for use as fuel in Anaerobic Digestion/biogas plants, while hatchery waste was transported to Dublin.[203]

109. **Northern Ireland, the Republic of Ireland, the United Kingdom and the European Union will each lose out if cross-border trade is disrupted as a result of the UK's withdrawal from the EU. While avoiding additional barriers between Northern Ireland and Great Britain is the absolute priority, arrangements that will ensure as frictionless as possible cross-border trade between Northern Ireland and the Republic of Ireland should be imperative for ongoing negotiations.**

195 Qq7, 69, 163
196 Q163
197 Dairy UK, evidence to Committee's inquiry into The future of the land border with the Republic of Ireland (BDR0021)
198 Q268
199 Q71
200 Mr Ian Duff (AGR0013)
201 Q92
202 Q91
203 Q283

Live animal exports

110. Livestock is moved across the border in large numbers. It is estimated that over 5,000 lambs are exported to the Republic of Ireland each week, with 1,000 cattle and 10,000 pigs moving in the other direction.[204] The Government launched a consultation on a potential ban on live animal exports in April 2018, and has asked the Farm Animal Welfare Committee to review existing standards.[205] The Agriculture Minister told the House in February that the Government's preference was "to see animals slaughtered as near as possible to their point of production, as a trade in meat on the hook is preferable to a trade based on the transport of live animals."[206]

111. Although animal welfare is a devolved matter, movement of livestock is one of the areas identified by the Government that may be subject to common frameworks between the devolved administrations. It is therefore possible that a UK-wide approach to live animal exports will be employed.[207]

112. Witnesses told us that the two-way movement of live animals across the border was important to the sector.[208] The UFU told us:

> The two industries, Northern Ireland and the Republic of Ireland agri-food, are highly integrated and they move both ways. I think you mentioned pigs coming to Northern Ireland from the Republic of Ireland, and beef cattle. Equally, we put lambs and milk into the Republic of Ireland. That two-way movement is a historic thing and it is essential."[209]

Sarah Baker of the Agricultural and Horticultural Development Board said that processing capacity in the Republic was important to the red meat sector:

> In pigs, for instance, you will get live sows going across the border for slaughter and then back again. Northern Ireland lost a significant amount of its processing capacity for red meat after the BSE crisis, so the processing will take place in the south and then it will come back to the north.[210]

113. The UFU told us that cross-border movement was not only important for Northern Ireland's trade with the Republic, but with other countries as well. Chief Executive Wesley Aston told us that calves from Northern Ireland destined for France are regularly transported through ports in the Republic.[211] Similarly, CBI Northern Ireland told us that food suppliers in Northern Ireland used ports in the Republic to ship goods to the South East of England, as this was a more direct route and allowed them to meet shorter delivery deadlines.[212]

204 Bord Bia, Brexit Briefing Document, June 2016, p 9
205 Defra, A call for evidence on controlling live exports for slaughter and to improve animal welfare during transport after the UK leaves the EU, Accessed 9 August 2018
206 Ibid.; HC Deb 26 February 2018, Col 252WH [Westminster Hall]
207 HM Government, Frameworks Analysis: Breakdown of areas of EU law that intersect with devolved competence in Scotland, Wales and Northern Ireland, 9 March 2018
208 Qq7, 207
209 Q7
210 Q91
211 Q7
212 CBI Northern Ireland (AGR0011)

114. The EU currently requires exporters to meet various welfare standards when transporting livestock. Journeys of more than eight hours or 65km are subject to additional restrictions. High-profile campaigns in favour of greater UK restrictions on animal transport, from organisations like the RSPCA and Compassion in World Farming, have called a ban on live exports from the UK and for journeys of longer than eight hours—by any mode of transport—to be banned entirely.[213]

115. The focus of campaigners' concern is on the transportation of animals to continental Europe via boat, rather than shorter road journeys.[214] However, the Government has not indicated whether any future controls would discriminate between exports to the EU by sea and those by road. As the only EU Member State which shares a land border with the UK, the Republic of Ireland is an exceptional case, but the Government has not yet said whether this will be taken into account despite the clear animal welfare differences between transporting animals across land and sea borders.

116. **It is important for the Northern Ireland agriculture sector that trade in live animals with the Republic of Ireland should be allowed to continue. The Government's ongoing consultation on controlling live animal exports is therefore worrying for farmers in Northern Ireland. A blanket ban on live animal exports to EU countries would prevent the transportation of livestock between Northern Ireland and the Republic, even in the case of short, routine road journeys. This type of trade is an exceptional case and clearly not the target of the proposed ban. It is concerning that the Government has not clarified whether trade with the Republic will be exempted from any future controls.**

117. ***We recommend that trade in live animals from Northern Ireland to the Republic of Ireland should be allowed to continue. The Government should clarify as a matter of urgency whether this is its intention and, in its response to its consultation on controlling live animal exports, set out specifically what exemptions it will apply—if any are needed—to ensure that this trade can continue unimpeded.***

Trade and cooperation with the Republic of Ireland and other EU states

118. The Government has recognised the closely integrated nature of the agriculture sectors in Northern Ireland and the Republic of Ireland, and the importance of maintaining cross-border trade on the most frictionless terms possible.[215] The Department told us that it wants to reach an agreement with the EU:

> which addresses the unique circumstances of Northern Ireland and protects the Belfast Agreement in all its dimensions, including cooperation on agriculture between Northern Ireland and protecting Northern Ireland's place in the UK internal market.

In the context of trade in goods, the UK Government has said that this means "no return to a hard border as a result of any new controls placed on the movement of goods between the UK and the EU."[216]

213 Compassion in World Farming, Live Exports from the UK must stop, Accessed 12 September 2018
214 Ibid.
215 HM Government, Northern Ireland and Ireland: Position Paper, 16 August 2017, p 14
216 Defra (AGR0012)

119. The UK's first preference is for the objectives of avoiding a hard border and protecting North-South cooperation to be met through the overall UK-EU relationship.[217] In the event that it is not possible to agree arrangements for this before the end of the transition period, the UK and the EU have committed to a "backstop" solution to avoid a hard border being imposed while a more permanent solution is reached. The December Joint Report of the EU and the UK proposes that in such a scenario the UK would "maintain full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all-island economy and the protection of the 1998 Agreement."[218]

120. On 12 July the Government published a White Paper on the UK's future relationship with the EU ("the Chequers Agreement"). This included a proposal for "a free trade area for goods" to facilitate continued trade with minimal friction. The features of the proposed free trade area include: a "common rulebook for all goods including agri-food"; a "joint institutional framework to provide for the consistent interpretation and application of EU-UK agreements by both parties"; and a "phased introduction of a new Facilitated Customs Arrangement that would remove the need for customs checks and controls between the UK and the EU as if a combined customs territory." The White Paper says that the proposal "would see the UK and the EU meet their shared commitments to Northern Ireland and Ireland through the overall future relationship."[219]

121. We were told that frictionless movement of goods across the North-South border was key to maintaining agri-food supply chains, and that even short delays arising from new barriers to cross-border trade could be costly and disruptive. Dr Mike Johnston of Dairy UK told us that the estimated cost of delaying a milk tanker at the border was around £1 per minute, and that with 30,000 tanker loads of raw milk crossing the border each year the cost of an hour's delay each way could be £3.5 million for raw milk alone.[220] We also heard that raw milk (as well as other perishable produce) needs to be processed quickly, and that additional delays at the border could result in more produce being distressed or spoiled at a cost to the industry.[221]

122. There was little desire from our witnesses for Northern Ireland, or any other part of the UK, to diverge significantly from EU food standards. There was a broad recognition that UK food quality and animal welfare standards were exceptionally high, and that this was a unique selling point for UK produce in the global marketplace.[222] The UFU told us that they did not want to see additional non-tariff barriers to North-South trade, and that "we have to maintain the same standards in order to minimise trade disruptions."[223]

123. Clarity over the future of cross-border trade was a priority for many of our witnesses. Wesley Aston of the UFU set out the industry's view:

217 EU Commission, Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union, 8 December 2017, p 8
218 Ibid., p 7–9
219 HM Government, The future relationship between the United Kingdom and the European Union, Cm 9593, 12 July, p 7–8
220 Q163
221 Qq8, 92, 163
222 Qq8, 265, 328, 338–340
223 Q5

> Our clear position as Northern Ireland agri-food plc is that we do not want any border—north/south, east/ west—i.e. additional controls of any description, whether they are tariffs or whether they are phytosanitary controls. We have to maintain the same standards in order to minimise trade disruptions.[224]

He said that farmers had not been given a definitive answer to the border question, and that clarity was needed soon so that they could plan accordingly.[225] The livestock farmers we spoke to all highlighted the border as a major concern. Peter Gallagher told us that his farm was very reliant on cross-border trade and he would be concerned about any barriers that prevented the free movement of animals across the border. Thomas Douglas told us that the poultry and pig industries were "looking for […] clarification as quickly as possible so we know what we are doing."[226]

124. Farmers and their representatives told us that businesses on both sides of the border were committed to continued cooperation across the Northern Ireland and Republic of Ireland agri-food sectors.[227] They told us they believed it was in all parties' interests that trade should remain as seamless as possible, and that there was goodwill between farmers to ensure that this could happen.[228] We heard the view that the border issue was being employed as political leverage, and that among farmers themselves there was widespread agreement over the need to continue cross-border trade and what needed to be done to achieve this.[229] Some witnesses warned that regulatory divergence could adversely affect Northern Ireland producers' competitiveness; Dairy UK told us that Northern Ireland would always be in the position of "having to diverge to the highest common denominator", and would have to bear the costs associated with that.[230] Others believed that there was unlikely to be significant divergence in practice, but were concerned that the process of checking and authorising goods could be a bureaucratic burden costing time and money. Ian Duff told us that meeting phytosanitary (plant health) requirements is "quite a bureaucratic process to have to go through every time you move something across the border."[231] Dr Simon Doherty of the British Veterinary Association told us that there was likely to be some level of risk-based checking at the border even if sanitary and phytosanitary (SPS) rules remained closely aligned.[232] He also suggested that additional veterinary capacity would be needed to meet the additional demand for certification.[233]

125. The alignment of regulatory standards across the EU also enables Northern Ireland and the Republic of Ireland to collaborate to meet shared challenges, particularly with regard to environmental protection and disease control. For example, common standards for water quality help to protect bodies of water that cross national boundaries. For Northern Ireland and the Republic of Ireland, this helps to facilitate environmental management and disease control on an all-island basis. The UFU noted that the island is considered a single epidemiological unit, and witnesses from the horticulture sector

---

224 Q5
225 Q5
226 Q306
227 Q309
228 Qq95–96, 309
229 Qq302–310
230 Q201
231 Q129
232 Qq164, 181–185
233 Q186

told us that having a single plant health regime amplified the benefits that Northern Ireland and Ireland already enjoy from being on an island.[234] Both governments have long recognised that their shared physical geography is a strong incentive to work together to meet environmental challenges, and animal and plant health, environmental protection and waterways are all highlighted as areas of North-South cooperation under the Belfast Agreement.[235]

126. The North-South Ministerial Council has previously established working groups in a number of areas relating to environmental management and animal health and welfare, and in 2001 commissioned an All-Island Animal Health and Welfare Strategy to support closer cooperation between Northern Ireland and the Republic.[236] These institutions cannot operate as designed, however, in the absence of ministers from Northern Ireland.

127. We heard support for continued North-South cooperation on environmental issues and matters relating to animal and plant health. The UFU told us that they supported all-island cooperation with "an overarching strategy" for the eradication of diseases like Bovine Tuberculosis. They noted that, at present, although Northern Ireland and the Republic have shared strategies in this area, there are often differences in process on either side of the border.[237] Dr Mary Dobbs told us that there would need to be at least some degree of cooperation on documentation and record-keeping on both sides of the border, so there would have to be "minimal elements that are at least equivalent, if not necessarily identical."[238]

128. The National Office of Animal Health (NOAH) raised a specific concern about the supply of animal medicines if medicinal standards were to diverge. They told us that if the UK and the EU were subject to different medicine regulations it could restrict the availability of such medicines in the UK, as medicines that are currently tested for the whole EU market would have to pass a separate test before they could be sold in the UK.[239] NOAH also said that regulatory divergence could increase the potential for the illegal movement of medicines across the border.[240] The UK has stated that it wishes to maintain membership of the European Medicines Agency (EMA), and the Prime Minister indicated in her Mansion House speech that the UK would be willing to make "an appropriate financial contribution" to do so.[241] The EU has not yet indicated whether it would accept such an arrangement.

129. The Government's White Paper on the future relationship between the UK and the EU proposed a "common rulebook for goods including agri-food, covering only those rules necessary to provide for frictionless trade at the border."[242] The White Paper also says that the UK would make "an upfront choice to commit by treaty to ongoing harmonisation with EU rules on goods."[243] In areas where shared standards are not required to facilitate trade,

234 Qq60, 129–132
235 HM Government, The Belfast Agreement, April 1998, p 16
236 Republic of Ireland Department of Agriculture, Food and the Marine, All Island Animal Health and Welfare Strategy, 2001
237 Q60
238 Q60
239 National Office of Animal Health (AGR0005)
240 Ibid.
241 HM Government, Speech: PM speech on our future economic relationship with the European Union, 2 March 2018
242 HM Governmemt, The Future Relationship between the United Kingdom and the European Union, Cm 9593, p 8
243 HM Governmemt, The Future Relationship between the United Kingdom and the European Union, Cm 9593, p 8

the UK would be free to set its own rules. The Government says that this arrangement would "remove the need to undertake additional regulatory checks at the border—avoiding the need for any physical infrastructure, such as Border Inspection Posts, at the border between Northern Ireland and Ireland."[244] Such a proposal could minimise non-tariff barriers to North-South trade. However, the White Paper acknowledges that "a common rulebook for goods would limit the UK's ability to make changes to regulation in those areas covered by the rulebook" suggesting that the UK would be unable to make certain regulatory changes without EU consent.[245] The White Paper also proposes a continued role for the European Court of Justice in interpreting disputes under the common rulebook.[246] Both of these proposals present political obstacles, and could limit the ability of the UK to pursue its own trade deals with non-EU nations. The Minister acknowledged that the White Paper proposals were "controversial" but told us that the Government's ambition remained to maintain frictionless trade:

> If we can secure frictionless border trade in agri-food goods and in industrial goods by making that commitment to have regulatory alignment only on those rules that require border checks but with the freedom to diverge and legislate in other areas as we see fit, we think that will probably be a sensible compromise to deal with what is a difficult situation and a difficult problem to square, which is that we want control and we want the ability to make our own laws again but we also want to have frictionless trade and a tariff-free free trade agreement with the European Union.[247]

130. If no final agreement on border arrangements is reached by the end of the transition period, the UK's intention is that the "backstop" agreement should allow North-South trade to continue without disruption. The Joint Report of December 2017 explains that this will mean the UK "maintain[ing] full alignment with those rules of the Internal Market and the Customs Union which, now or in the future, support North-South cooperation, the all-island economy and the protections of the 1998 Agreement."[248] On 28 February the European Commission published a draft legal text for the backstop, which proposed that a "common regulatory area" be established between Northern Ireland and the Republic and that Northern Ireland "be considered to be part of the customs territory of the Union."[249] However, the Prime Minister told the House that:

> The draft legal text that the Commission has published would, if implemented, undermine the UK common market and threaten the constitutional integrity of the UK by creating a customs and regulatory border down the Irish sea, and no UK Prime Minister could ever agree to it.[250]

244 Ibid., p 23
245 Ibid., p 49
246 Ibid., p 93
247 Q365
248 European Commission, Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union, 8 December 2017, p 9
249 European Commission, European Commission Draft Withdrawal Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, 28 February 2018, p 100
250 HC Deb, 28 February 2018, Col 822 [Commons Chamber]

The Government published its own technical note on 6 June 2018 outlining how the customs element of the backstop would operate. It is yet to present proposals for a joint solution on regulatory standards, which the paper notes will also need to be addressed.[251]

131. Although access to EU markets might be more restricted post-Brexit, this may mean that some sectors have the opportunity to consolidate their position in the UK market, if competition from the EU is affected by new trade barriers. For example, at present mushrooms produced in Northern Ireland face competition from Polish and Dutch produce, and we heard that it may be possible for domestic growers to displace those rivals and increase their share of the domestic market.[252] We also heard that the ornamental and cut flower sector could benefit from the opportunity to displace imported stock from the Netherlands.[253] In some sectors there may also be significant opportunities to consolidate Northern Ireland's market share in Great Britain, as any barriers to trade between the UK and the EU would give Northern Ireland producers a competitive advantage over their equivalents in the Republic of Ireland when selling to the UK. We heard that producers in the Republic of Ireland would be eager to preserve trade links with Great Britain as this was a major market for their produce.[254] Were Northern Ireland to indirectly benefit from any additional barriers to trade between Great Britain and the Republic, the effect could be most profound in key sectors like beef and dairy where both Northern Ireland and the Republic export significant quantities of produce to Great Britain.

132. **The Government has not yet brought forward proposals for maintaining regulatory alignment in the event that no final agreement on the future trading relationship with the EU is reached before exit day. These proposals are essential to enable near frictionless trade between Northern Ireland and the Republic of Ireland to continue, if this is not achieved through a wider UK-EU agreement.** ***The Government should bring forward proposals as soon as possible for how regulatory alignment would be maintained in the absence of a UK-EU agreement being reached by exit day, as it indicated its willingness to achieve this in paragraph 49 of December's UK-EU Joint Report.***

Protected Geographical Indicators

133. Concern was raised about the status of products which are currently the subject of Protected Geographical Indicators (PGIs) under EU rules. PGIs allow the names of certain distinctive products to be protected, so that only produce made in a specific area can bear that name. PGIs are seen as a mark of quality, and can give produce an advantage in the marketplace and help farmers get a better price for their products. Three Northern Ireland products bear PGIs: Comber Early potatoes, Armagh Bramley apples and Lough Neagh eels.[255] Ian Duff, speaking on behalf of the potato sector, told us that farmers would be very keen to see these products retain protected status.[256]

134. The Minister told us that the Government's intention was to continue the existing protections for these products, and that the EU (Withdrawal) Act would allow the rules

251 HM Government, Technical Note: Temporary Customs Arrangement, 6 June 2018, p 1
252 Qq112–113
253 Q137
254 Qq114–115
255 Defra, Protected food name scheme: UK registered products, accessed 16 August 2018
256 Q67

governing the current scheme to be transposed into UK law. He noted that the EU already allows third countries to seek protected food names, and this would allow the UK to continue to apply for future protections for its produce within the EU market in the future.[257] In its White Paper on the future relationship between the UK and the EU, the Government confirmed its intention to establish its own geographical indicator scheme after Brexit.[258] The EU could choose to recognise any protections designated by UK law. It is also reportedly keen to have European PGIs recognised in the UK market.[259] It would be unacceptable for the EU to expect the UK to recognise European PGIs without it offering equivalent recognition to protected UK products. The EU has mutual recognition agreements with other countries' geographical indicators schemes—for example Switzerland's[260]—and the UK and the EU may wish to pursue a similar arrangement.

135. **Geographical Indicators help Northern Ireland farmers to distinguish their produce from the competition and are generally accepted by consumers as a mark of authenticity and quality in a crowded marketplace. We were told that farmers wanted to maintain this advantage after Brexit.** ***The Government should seek to secure the continued application of Protected Geographical Indicators after Brexit, and agree with the EU how reciprocal arrangements will work, including on new applications for UK products.***

Cross-border trade in a no deal scenario

136. The Government's guidance on trade arrangements in a no deal scenario acknowledges the need to "respect our unique relationship with Ireland."[261] It says that:

> In such a scenario. the UK would stand ready to engage constructively to meet our commitment and act in the best interests of the people of Northern Ireland, recognising the very significant challenges that the lack of a UK-EU legal agreement would pose in this unique and highly sensitive context. This would include engagement on arrangements for land border trade. We will provide more information in due course.[262]

The guidance outlines some of the additional steps businesses trading with EU countries would need to take in the event of a no deal. For firms trading with the Republic of Ireland, the guidance says: "We would recommend that, if you trade across the land border, you should consider whether you will need advice from the Irish government about preparations you need to make."[263]

137. Dr Viviane Gravey told us that a no deal scenario would mean live animals and fresh milk would not be able to cross the border,[264] The Agriculture and Horticulture Development Board also told us that a no deal scenario could disrupt cross-border

257 Q368
258 HM Government, The future relationship between the United Kingdom and the European Union, Cm 9593, 12 July 2018, p 23
259 The Guardian, Brexit indigestion: row brewing over call for UK laws to protect likes of cognac and feta, 28 May 2018
260 Official Journal of the European Union, I. 297/3, 16 November 2011
261 HM Revenue and Customs, Guidance: Trading with the EU if there's no Brexit deal, 23 August 2018
262 Ibid.
263 HM Revenue and Customs, Guidance: Trading with the EU if there's no Brexit deal, 23 August 2018
264 Q28

trade in cereals and flour.[265] However, we also heard that, given the EU's commitment to upholding the principles of the Belfast Agreement, it was not clear whether it would necessarily adopt as strict an approach as at other land borders.[266]

138. The Minister told us that the Government's preparations for a no deal scenario included steps to facilitate border checks and trade. He told us that a replacement for the TRACES (Trade Controls and Expert System) border check system was at "an advanced stage" and that the Government had examined the additional capacity that would be needed to issue export health certificates.[267] He acknowledged that in a no deal scenario, companies exporting goods from Northern Ireland to the Republic of Ireland would need to complete additional paperwork. However, he added that this requirement would have a far greater effect on exporters—many of whom already trade globally—than farmers themselves.[268]

139. We heard from the Minister that in a no deal scenario, the Government would be able to decide what level of border checks it wanted to impose on imports coming across the border. He said that, in theory, the Government could choose not to put routine border checks in place, but instead take an "intelligence-led surveillance approach."[269] He acknowledged that there was no guarantee that the EU would reciprocate.[270] The Minister told us that, in the Government's view, this was consistent with WTO rules, which prevent members from adopting preferential trade arrangements which do not form part of a wider free trade agreement.[271]

140. **The UK Government's guidance for businesses on preparing for a no deal Brexit does not clarify its intended approach to the issue of land border trade. Agri-food businesses in Northern Ireland urgently need to know what preparations they need to make for exit day, and so need clarity on what cross-border trade will look like in a 'no deal' scenario.** ***The UK Government, the Republic of Ireland and the European Union must, as a priority, consider arrangements that will allow the intent set out in the December 2017 joint report—including the upholding of the Belfast Agreement—to be met in a no deal scenario. The UK Government must confirm for businesses in Northern Ireland how—if at all—trade with the Republic will differ from trade with other EU Member States, so that the business which rely on this trade can prepare accordingly.***

Future trade deals with third countries

Exports

141. While the focus of debate in Northern Ireland has been on the implications of Brexit for North-South trade, the UK's departure from the EU will also have significant implications for future trade with non-EU nations. Post-Brexit the UK will be able to pursue new free trade agreements with non-EU nations in accordance with its own interests, although any agreements would need to comply with WTO rules.

265 Qq132–133
266 Q30
267 Q387
268 Qq415–416
269 Q389
270 Q391
271 Q400

142. Under the proposals set out in the Government's White Paper on the future relationship, the UK and the EU would share a common rulebook for goods, including agri-food.[272] The White Paper acknowledges that this would restrict the UK's ability to negotiate deals with third countries in areas where those countries' standards are incompatible with the EU rulebook, unless an exception could be agreed with the EU.[273] It has been reported that trade deals with the United States and India would be among those prohibited by the adoption of a common rulebook.[274] However, the White Paper specifically identifies the United States as a target country for a bilateral trade agreement.[275] The Secretary of State for Environment, Food and Rural Affairs has said that while animal welfare or environmental standards might constrain the UK's ability to make trade deals, he was confident that trade agreements of some form could still be made with third countries.[276]

143. We asked witnesses which countries might be lucrative markets for agricultural produce from Northern Ireland. Dairy UK identified a number of third country markets where Northern Ireland dairy companies had been able to do increasing business in recent years, primarily in Africa, the Middle East and South East Asia.[277] Farmers told us that some countries were seen as lucrative trading partners because they provided a market for parts of carcasses for which there was little demand in the UK. In the pig sector, for example, China is an important market for "fifth-quarter" products such as offal, tripe and trotters and add significant value to each pig.[278] Thomas Douglas told us that in the poultry sector, UK consumers' strong preference for white meat such as chicken breast means that processors like Moy Park have to sell dark meat to countries where there is demand for it, such as China and countries in Eastern Europe and Africa. This increases the value of each animal and increases farmers' profits.[279]

144. Certain markets can also make up shortfalls in domestic demand. Thomas Douglas told us that in the months immediately before Christmas each year hatcheries cut back on their output, leaving them with a surplus of hatching eggs for which there is no domestic market. However, these eggs are sold to countries like Saudi Arabia where Christmas is not widely celebrated and so demand for hatching eggs is not affected. We were told that retaining access to these markets would help farmers to maintain this important income stream.[280]

145. At present the UK trades with a number of third countries on terms negotiated between those countries and the EU. Under article 124(1) of the draft Withdrawal Agreement, the UK will continue to be treated like a Member State party to these trade agreements during the transition period.[281] Once the transition period ends the UK will no longer be party

272 HM Government, The future relationship between the United Kingdom and the European Union, Cm 9593, 12 July 2018, p 8
273 Ibid., p 49
274 The Times, "Theresa May tells Brexiteers there can be no free trade deals with America", 5 July 2018; The Times, "Chequers plan for EU goods rules out Indian trade deal", 12 July 2018
275 HM Government, The future relationship between the United Kingdom and the European Union, Cm 9593, 12 July 2018, p 48
276 Evidence to the European Scrutiny Committee, 18 July 2018, Q720
277 Q203
278 Qq265, 313
279 Q282
280 Q285
281 European Commission, Draft agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, 19 March 2018, p 77

to these agreements, and consequently there is a risk that barriers to trading with those third countries may increase, at least until a favourable trade deal can be reached. Giving evidence on the future of the land border, Dairy UK told us that tariffs on exporting dairy products to expanding markets like Thailand and Malaysia would double if the UK were to trade on WTO terms, and "effectively kill that business."[282]

146. The Government has introduced a Trade Bill which aims to allow for the continuation of existing UK trade arrangements—including trading relationships the UK entered into as a party to EU free trade agreements—after the UK leaves the EU.[283] The Bill received its Third Reading in the Commons on 17 July 2018 and received its Second Reading in the House of Lords on 11 September. However, the UK would still need to formalise with third countries any trade deals that sought to recreate the trade relationships that existed as a result of the UK's membership of the EU. Under article 124(4) of the draft Withdrawal Agreement, the UK will be able to negotiate, sign and ratify international agreements during the transition period, provided that these agreements do not come into force until the transition period has ended.[284]

147. **Northern Ireland's agri-food sector depends on exports and needs to have access to foreign markets for its produce if it is to grow and prosper. Maintaining access to current markets—including non-EU markets where Northern Ireland's agri-food sector is already taking advantage of new opportunities—and seeking new trade partners will present significant growth opportunities for the sector. By contrast, if access to these markets were to be closed off, this could curtail growth by denying producers a market for products for which there is little or no domestic demand.** ***The Government should carry out research to determine how the market for Northern Ireland agri-food exports will be affected by Brexit, and identify subsectors which stand to be most affected. It should report its findings to the House by 21 December. The Government should also identify markets where there is demand for agri-food produce that could be served, or is already being served, by Northern Ireland, and pursue trade deals that secure access to these markets as a priority. The Government should also seek to agree with third countries, before the end of any transitional period, the replication of trade agreements which the UK is currently party to because of its membership of the EU.***

Imports

148. Livestock farmers and meat processors raised concerns that future trade deals could open up the UK market to lower quality produce, compromising food standards and undercutting domestic producers' position in the market.[285] Industry representatives told us that produce from Northern Ireland was of the highest quality, and met stringent standards of animal welfare and environmental protection.[286] However, they told us that price was often the overriding factor in determining consumer choice, and that cheaper, lower-quality meat could therefore displace high-quality domestic produce.[287] The UFU told us that this was a greater concern for their members than export opportunities:

282 Evidence to the Northern Ireland Affairs Committee inquiry, Future of the land border with the Republic of Ireland, Q236–237
283 Trade Bill [HL Bill 127]
284 European Commission, Draft agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, 19 March 2018, p 77
285 Q158
286 Qq265, 316, 340
287 Qq212, 318–324

> We all hear about maintaining standards, but what does that actually mean? We have to be able to compete on an equal footing with our competitors and, if we have all these standards to meet, then surely the general public in the UK should expect those standards from all the products that they consume and, therefore, that we import. Imports are out big concern, not necessarily exports.[288]

149. The Minister told us that the Government did "not want to diverge or change our food standards in any great way."[289] The Secretary of State has also said that there should be "no compromise on high animal welfare and environmental standards."[290] However, we heard concerns from farmers that there was a tension between the Government's commitment to maintaining food and animal welfare standards and the political imperative to keep living costs down. Thomas Douglas told us his concern was that

> If, after Brexit, the cost of living is going up, the Government, no matter which Government they are, will look at ways to reduce the cost of living. If that is importing cheaper chicken from America that is chlorinated, that is what they will do to keep the consumer happy.[291]

Peter Gallagher added that allowing lower quality produce into the UK market would risk turning high quality domestically produced meat into a "niche product."[292]

150. **Farmers were clear that they needed to be able to compete on a level playing field with imported produce, and that imported food must be held to the same high welfare and quality standards as farmers in Northern Ireland are expected to maintain.** ***When striking future trade deals, the Government must ensure that it does not allow the import of produce that falls below the welfare and quality standards expected of UK farmers' produce.***

288 Q32
289 Q365
290 Evidence to the Environment, Food and Rural Affairs Committee, Brexit: Trade in Food, Q564
291 Q319
292 Qq318–324

4 The agricultural workforce

151. In this chapter we consider the effect that Brexit might have on the supply of agricultural labour in Northern Ireland. We examine:

- the characteristics of the agricultural workforce in Northern Ireland;
- how the supply of labour is likely to change in the future; and
- policy options which could help Northern Ireland to meet its demand for agricultural labour in the future.

The agricultural workforce in Northern Ireland

152. The agri-food sector in Northern Ireland is heavily reliant on labour sourced from outside the UK. The Northern Ireland Food and Drink Association (NIFDA) estimates that around 48% of workers employed in the sector are non-UK EEA nationals. These workers are particularly important to the seasonal workforce, making up 91% of seasonal workers.[293] Migrant workers make up a substantial part of the agricultural workforce in all regions of the UK. However, they are employed in different subsectors in Northern Ireland compared to other regions, reflecting the different structure of Northern Ireland agriculture. For example, the province's fruit and vegetable sector is relatively small, but the mushroom sector employs a large number of pickers, the vast majority of whom are non-UK nationals. Northway Mushrooms told us that 95% of growers' employees come from the EU-26 (EU countries excluding the Republic of Ireland). Northern Ireland's beef and lamb industry relies heavily on migrant workers in the processing sector, where 60–70% of staff are non-UK EEA workers.[294] The sector employs few staff from outside the EEA; NIFDA's survey found that just 2% of agri-food employees were non-EEA nationals.[295]

153. We heard that migrants fill a variety of roles within agri-food. Witnesses challenged the idea that much of the work done by migrants was short-term and low-skilled. The UFU told us that migrants met labour needs across the "whole spectrum" of agricultural employment, including at managerial level.[296] They also emphasised that many critical roles in agri-food were not seasonal but full-time, and that a solution was needed to ensure that the sector could retain a skilled permanent labour force.[297] Elaine Shaw of Northway Mushrooms told us that they considered mushroom picking to be a "very skilled job," explaining:

> A picker has to make a very important decision that a machine potentially cannot make, whether to pick that mushroom or to leave it for another four hours, because another four hours will give another 10% or 20% weight, which gives a higher price and a higher yield.[298]

293 Northern Ireland Food and Drink Association, Brexit: Challenges & Opportunities for Northern Ireland Food & Drink, November 2016, p 18
294 Q165
295 Northern Ireland Food and Drink Association, Brexit: Challenges & Opportunities for Northern Ireland Food & Drink, November 2016, p 18
296 Q5
297 Qq61–62
298 Q67

Northway told us that training a new member of staff took around three months, at a cost of between £500 and £1,000.[299]

154. Witnesses expressed concern that a shortage of workers could have serious consequences for agri-food businesses. NIMEA told us that the availability of workers from the accession countries after 2004 had enabled the industry to grow substantially, and that if the labour supply were to be constrained in the future it could reduce processing capacity.[300] They said this could put Northern Ireland at a competitive disadvantage and leading to gradual decline in the sector.[301] Thomas Douglas told us that the situation was similar in poultry processing, and that without access to foreign labour "processing plants will not be fit to operate."[302] Although many of Northern Ireland's farms are smaller family farms and do not employ foreign labour directly, their businesses are closely linked to those in the processing sector and would be adversely affected by any constraints on processing capacity.

155. The British Veterinary Association also emphasised the importance of veterinary surgeons to agri-food operations—for example, in overseeing herd health and monitoring animal welfare in abattoirs—and highlighted that this workforce was heavily drawn from overseas. They estimated that 95% of the veterinary workforce in UK abattoirs graduated overseas, with most of these coming from the EU.[303] Dr Simon Doherty of the BVA told us that there was likely to be an increased need for vets in Northern Ireland if regulatory divergence was such that risk-based checks were needed for produce crossing the border. He estimated that DAERA would need to more than double its veterinary capacity in order to meet the increased demand.[304]

156. There is some evidence that the agri-food sector has had difficulty filling seasonal vacancies since the EU referendum. A UK-wide survey carried out by the National Farmers Union found that 12.5% of seasonal horticultural vacancies were unfilled in 2017.[305] We heard similar reports from representatives from the meat processing and mushrooms sectors, suggesting that difficulty filling vacancies is not confined to seasonal labour.[306] Witnesses suggested a combination of factors had contributed to this, including a weakening of sterling making UK wages less attractive and uncertainty over the rights of EU citizens after Brexit.[307] Witnesses were clear, however, that these shortfalls could not be attributed to Brexit alone but were a consequence of wider economic factors. For example, witnesses pointed out that economies in Eastern Europe—where many agricultural workers were drawn from—were improving and so there was less incentive for individuals in those countries to seek work elsewhere.[308]

157. The sector's reliance on foreign labour is partly due to the difficulties it faces in finding workers locally. CBI Northern Ireland told us that firms in Northern Ireland felt "forced" to recruit from abroad due to local labour shortages.[309] They pointed out that

299 Northway Mushrooms (AGR0007)
300 Q165
301 Q165
302 Q330
303 British Veterinary Association (AGR0008), p 7
304 Qq181–189
305 BBC, 'European fruit pickers shun Britain', 7 June 2018
306 Qq67, 165
307 Q8
308 Q331
309 CBI Northern Ireland (AGR0011)

Northern Ireland's unemployment rate is low relative to the rest of the UK and that some localities have extremely low levels of unemployment, meaning there is simply not enough supply to meet the sector's labour demands.[310] We also heard that agricultural jobs were not popular among local people, as they often involved working unsociable hours and either living on-site or lengthy journeys to and from work.[311] Thomas Douglas told us that trends in education policy had encouraged more people to pursue higher education, and that as a result fewer young people were inclined to take on manual roles in agriculture.[312]

Proposals for meeting demand for agricultural labour

158. There are a number of ways in which the agriculture sector might continue to meet its labour needs in the future, which we consider below.

Retaining access to the existing workforce

159. It is likely that, in the short to medium term, much of the sector's demand for labour may be met by non-UK EEA nationals already working in Northern Ireland. The Government has said that EU citizens who arrive in the UK before the end of the transition period (31 December 2020) will be able to apply for settled status (if they have lived in the UK for five years or more) or pre-settled status (if they have lived in the UK for fewer than five years). Under this system, EU nationals who are currently working in Northern Ireland will be able to continue to do so. However, this would not help to meet demand for EEA seasonal workers, who are not habitually resident in Northern Ireland and therefore would not meet the criteria for settled or pre-settled status.

160. Witnesses told us that some of their employees did intend to settle in Northern Ireland for the long term.[313] However, we also heard that other workers' intention was to return to their home countries.[314] If significant numbers do so, over time the current pool of EEA nationals working in agri-food in Northern Ireland will diminish and—assuming that demand for agricultural labour stays constant or grows—other workers will be needed to take their place.

Using immigration policy to meet demand for agricultural labour

161. It is likely that part of the UK's future demand for labour in the agri-food sector will have to be met by new migrants. This demand could be met by migrants from either EU or non-EU countries. Adrian McGowan, a vegetable farmer from County Down, told us that in his view it did not matter to farmers where their employees came from; their interest was in the quality of work.[315] Dr Mary Dobbs told us that there were policy options already available to the Government that could facilitate the hiring of workers from abroad, such as visa waiver schemes.[316]

162. Northern Ireland's agriculture sector might look to recruit both seasonal and full-time labour from abroad. Dr Viviane Gravey told us that different policy instruments

310 CBI Northern Ireland (AGR0011)
311 Q103
312 Q330
313 Qq165, 253, 331
314 Qq67, 87
315 Q254
316 Q9

might be necessary to achieve these two aims, as the visa requirements for each type of worker would be different.[317] Some witnesses proposed the introduction of a scheme for recruiting agricultural workers on a seasonal basis (which we look at in more detail below) but there was general agreement that this could only be part of the solution and that measures to enable the recruitment of full time staff were needed as well.[318]

163. Some of the roles for which the sector might look to employ foreign workers, such as butchers and veterinary surgeons, are skilled positions that are critical for agri-food businesses. We heard calls for such roles to be added to the Shortage Occupation List.[319] Jobs on this list are not subject to the ordinary requirement for a Resident Labour Market Test, which requires an employer to demonstrate to UK Visas and Immigration that the job being offered cannot be filled by an EEA worker. The Minister told us that that vets are currently listed as a Shortage Occupation—however, the Department later clarified that this was not the case. Vets were removed from the list in November 2017 and are not currently listed.[320]

164. Sarah Baker of the Agriculture and Horticulture Development Board told us that a further complication was that for some professions, such as mushroom pickers, workers may be highly skilled but do not necessarily hold formal qualifications. She said this made agriculture distinct from sectors where aptitude is most commonly demonstrated through formal qualifications, which are more easily included as a requirement for meeting immigration rules.[321] Dr Viviane Gravey told us that some roles operated premises on both sides of the border and so would require workers to have the right to work in both Northern Ireland and the Republic.[322]

165. Several witnesses told us that they expected the number of migrant workers from Eastern Europe to diminish in the future, as economic conditions improved in those countries.[323] We heard that there were several non-EEA countries from which Northern Ireland might employ suitable agricultural workers in the future. Elaine Shaw of Northway Mushrooms told us that the horticulture sector had employed significant numbers of workers from Ukraine under a previous scheme, which enabled migrants to work on a two-year permit which "worked very well."[324] She noted that the Republic of Ireland continued to encourage Ukrainian workers to work in the sector.[325] Northway added that their members in the Republic employed workers from South East Asia (typically Thailand and the Philippines) and that these employees were adept at harvesting mushrooms.[326] Ms Shaw told us that the Republic had recently introduced a permit scheme for non-EEA workers to allow around 750 workers to be recruited from outside the EEA.[327]

317 Q11
318 Qq61–62
319 Qq165, 189
320 Q369; Home Office, Immigration Rules Appendix K: shortage occupation list, Accessed 7 August 2018
321 Q105
322 Q62
323 Qq67, 331
324 Q70
325 Q85
326 Northway Mushrooms (AGR0007), p 6
327 Northway Mushrooms (AGR0007); Q64

Agricultural workers schemes

166. Between 1945 and 2013, a Seasonal Agricultural Workers' Scheme (SAWS) operated in the UK to provide a route for employers to meet demand for agricultural labour. The rules of the scheme evolved over time to meet the changing needs of the sector: in its final form, which existed from 2008–2013, it allowed the fruit and vegetable growing sector to employ up to 21,250 workers per year from Romania and Bulgaria in low-skilled agricultural roles, each for a maximum of six months. Prior to 2008 the SAWS had been open to non-EEA nationals.[328] The scheme has not operated since 2013, on the basis that the Government considers access to the EU labour market to be sufficient for meeting domestic labour requirements.

167. Some witnesses told us that some form of agricultural workers scheme would be needed to meet demand for agricultural labour in the future.[329] However, we also heard that any new scheme need not replicate the SAWS, and that simply reinstating SAWS would not meet Northern Ireland's labour demands.[330] The UFU told us that they hoped the SAWS would be brought back, but noted that seasonal labour was only part of the issue and that routes for sourcing full-time and skilled labour would be needed as well.[331] Adrian McGowan told us that the short-term nature of SAWS meant that farmers frequently had to train new staff, and that employees who were able to stay for longer terms could be better trained and therefore more productive.[332] The Livestock and Meat Commission and Northway Mushrooms are among those who have suggested that a future scheme should look beyond seasonal workers and provide routes for securing full-time staff who have not already achieved settled status.[333]

168. The Government has said that it is open to the possibility of a new agricultural workers' scheme, and it has specifically asked the Migration Advisory Committee (MAC) to consider the issue of seasonal labour.[334] Defra's submission to the MAC highlights the importance of seasonal workers to agriculture,[335] and in February the Environment Secretary told the National Farmers Union's annual conference that there were "compelling arguments for a seasonal agricultural workers scheme."[336] In its final report, the MAC said that while it did not see a general need for a migrant worker scheme for low-skilled roles, a seasonal agricultural workers scheme was a "possible exception."[337]

169. In September the Government announced that it would trial a new scheme for non-EU agricultural workers in 2019/2020, which would allow the sector to recruit up to 2,500 workers for up to six months at a time.[338]

---

328 HC Deb, 12 September 2013, Col60WS [Commons written ministerial statement]
329 Horticulture Forum for Northern Ireland (AGR0003), p 8; Northway Mushrooms (AGR0007), p 7
330 Qq11, 61, 65
331 Qq61–62
332 Q253
333 Northway Mushrooms (AGR0007); Livestock and Meat Commission, Research Report, "Impact of WTO Trading on the Northern Ireland Beef and Sheep Meat Industry", August 2017, p 94
334 Letter from Rt Hon. Amber Rudd MP to Professor Alan Manning, Chair of the Migration Advisory Committee, 27 July 2017
335 Department for Environment, Food and Rural Affairs, Response to Migration Advisory Committee Call for Evidence, 10 November 2017
336 HM Government, Speech: A Brighter Future for Farming, 20 February 2018
337 Migration Advisory Committee, EEA migration in the UK: Final report, 18 September 2018, p 5
338 HM Government, New pilot scheme to bring 2,500 seasonal workers to UK farms, 6 September 2018

Automation and mechanisation

170. One option available to the agriculture sector to reduce its reliance on migrant labour would be to invest in automating its processes to either supplement its existing labour force or reduce its demand for manual labour. Some sectors have had success with automation: Ian Duff of the Northern Ireland Stakeholder Potato Promotion Group told us that the potato industry had invested heavily in field machinery over the last 20 to 30 years, in part because of the difficulties in sourcing labour for what had previously been a very labour intensive sector.[339] He told us that mechanisation had changed the structure of the industry:

> In our case, what has happened has been a move to larger businesses. If you look at what it takes to grow and harvest, you are talking near £1 million maybe of capital investment. You can only do that at scale and we are now at the stage where I think it is 33 farms producing over 40% of the crop, so it has been concentrated so that they can invest in the technology to make it viable.[340]

171. The up-front investment costs required to introduce new technology were cited as a barrier to increased automation, particularly to smaller growers.[341] Ian Duff and Adrian McGowan both noted that, while the potato industry had enjoyed some success with mechanising its operations, growers in Northern Ireland were not as well equipped as growers in the Republic where the government had introduced capital grant schemes for potatoes.[342] Allan Chambers told us that smaller farms such as his could not justify the investment required to introduce new technology onto their farms.[343]

172. There are currently limits to how far some farming and processing operations can be automated. The UFU told us that in the meat processing sector in particular there were processes that could not be automated, such as boning out a carcass, and that skilled labour would be needed to carry out these tasks for the foreseeable future.[344] Northway Mushrooms told us that, although the industry was investing in research and development on automation, there was currently no automated picking solution for mushrooms.[345]

Paraprofessionals

173. We also explored the possibility that some tasks within agri-food that are currently required to be carried out by specialists could be fulfilled by "paraprofessionals". For example, veterinary nurses might receive specific training to enable them to perform tasks that can currently only be carried out by veterinary surgeons. Such an approach could theoretically increase the pool of people available to carry out certain tasks, while also freeing up capacity among specialists so that they can be deployed where they are needed most. We heard that both DAERA and Defra were currently investigating the extent to which paraprofessionals could be used to carry out tasks that are currently reserved for

339 Q65
340 Q66
341 Qq66, 226, 228; 223
342 Qq66; 226,228
343 Q223
344 Q13
345 Q64, 67

veterinary surgeons.[346] However, the Minister told us that safeguarding animal welfare within abattoirs would remain within the remit of veterinary surgeons only.[347] We note that this is counter to the direction taken in other professional spheres, notably medicine and the law, where allied professionals are assuming more responsibility in well defined areas of practice.

174. Witnesses noted that there were some obstacles to increasing the role of paraprofessionals in veterinary practice. Dr Simon Doherty of the BVA and Conall Donnelly of NIMEA told us that the agriculture sector's key export markets require that produce is certified by an independent and suitably qualified professional.[348] Dr Doherty told us that veterinary nurses have a different type of training to veterinary surgeons and so would not be able to carry out some aspects of their work. He did tell us that some export certification was already being done by Environmental Health Officers (EHOs), but said that EHOs did not have the capacity to take on extra certification work.[349]

The domestic labour supply

175. We heard that fewer young people from Northern Ireland are pursuing careers in agriculture than in previous generations.[350] Several reasons were suggested, including an increased emphasis on higher education and improvements in household incomes reducing incentives to supplement income through seasonal or part-time agricultural work.[351] Sarah Baker of the Agriculture and Horticulture Development Board told us that agricultural roles were seen as unappealing by many because they were often physically demanding and required staff to work inconvenient hours.[352]

176. We also heard that a lack of training pathways for some specialist roles had made Northern Ireland more dependent on labour either from other parts of the UK or from abroad. Dr Simon Doherty of the BVA told us that Northern Ireland does not have its own veterinary school, and that aspiring vets therefore had to study in Great Britain, at University College Dublin, or at veterinary schools in mainland Europe.[353] Dr Doherty noted that efforts are being made to establish a veterinary school within the University of Ulster, but said that it would be difficult to make progress towards this goal without an Executive to take key decisions.[354] The Minister told us that Defra has established a veterinary capability group to examine veterinary capacity, and is working with the Royal College of Veterinary Surgeons to examine what can be done to encourage people to enter the profession.[355]

Government policy

177. The Government commissioned the Migration Advisory Committee (MAC) to report on the effect Brexit will have on the UK labour market and advise on how future

346 Qq196, 370–371
347 Q370
348 Q196
349 Qq194–195
350 Q252
351 Qq252, 255; 330
352 Q103
353 Qq189–190
354 Q197
355 Q371

immigration policy can support the UK's industrial strategy.[356] The Government's commission asked the MAC to consider both sectoral and regional factors as part of its work.[357] Defra submitted evidence to the MAC highlighting what it saw as the main issues facing the agricultural labour market, but this submission made no specific reference to Northern Ireland agriculture.[358] In September 2018 the MAC published its report, in which it noted:

> Northern Ireland has the added complexity of a land border with the EU via the Republic of Ireland. We think there are some grounds for concern in lower-wage sectors, especially in the agri-food sector which is relatively large in the Northern Irish economy. Dealing with the problem would require either a different scheme for the whole of the UK or a special scheme for Northern Ireland, neither of which are very attractive.[359]

The MAC noted that the land border made economic activity in Northern Ireland and the Republic more sensitive to neighbouring economic conditions than was the case in the UK.[360] The MAC suggested that the concerns raised in their report would be best addressed through "support to increase investment and productivity," and that "having a separate low-skill migration regime for Northern Ireland or letting these issues drive the design of a UK-wide system seem less attractive to us."[361]

178. We asked the Agriculture Minister why Defra's submission to the MAC did not acknowledge the specific challenges facing the agricultural labour market in Northern Ireland following Brexit. He responded that the issue was "more sectoral than regional" and that it made more sense to approach the problem on a sectoral basis. He gave the example of the dairy sector, where there is a need for year-round labour, and told us that issues facing dairy farms in Northern Ireland were similar to those faced by dairy farms in the West Country.[362]

179. We disagree. It is certainly the case that individual sub-sectors within agriculture face common challenges across the UK. However, there are unique considerations for Northern Ireland that Defra's published work on the agricultural workforce does not take into account. Northern Ireland's border with the Republic of Ireland, for example, complicates the position of workers who may need to cross the border frequently as part of their work, and may also create additional demand for veterinary certification that will bring with it labour pressures. The presence of the Republic of Ireland as a direct competitor for agricultural labour might also put additional pressure on Northern Ireland's labour market.

180. **The agri-food sector is critical to the Northern Ireland economy and depends on having access to a skilled workforce, much of which is currently drawn from within the EEA. Given the importance of agriculture to the Northern Ireland economy, it is critical that the sector should have access to the workforce it needs. It is a matter of**

356 HM Government, Migration Advisory Committee (MAC) Commissioned by Government, accessed 1 August 2018
357 Letter from Rt Hon. Amber Rudd MP to Professor Alan Manning, Chair of the Migration Advisory Committee, 27 July 2017
358 Department for Environment, Food and Rural Affairs, Response to Migration Advisory Committee Call for Evidence, 10 November 2017
359 Migration Advisory Committee, EEA migration in the UK: Final report, 18 September 2018, p 13
360 Ibid., p 121
361 Ibid., p 122
362 Qq358–361

considerable regret that Defra did not make a strong case for prioritising the labour needs of Northern Ireland agriculture in its submission to the Migration Advisory Committee. We note that, despite this, the MAC highlighted the importance of Northern Ireland's agri-food sector as an area of specific concern in its final report.

181. **It is vital that the importance of agriculture to Northern Ireland's economy is reflected in the Government's approach to immigration and labour policy, and that the Government recognises—as the Migration Advisory Committee has done—that the consequences of a labour shortage in the province would be more significant than in other regions of the UK.**

182. **We heard that, irrespective of Brexit, the supply of agricultural labour from Eastern Europe is likely to diminish in the future. Future policies for attracting agricultural workers will need to be mindful of this trend and give the UK the flexibility to draw on labour from around the world.** ***The Government should, on the basis of the advice provided by the Migration Advisory Committee, report back to this Committee on the labour requirements of the Northern Ireland agriculture sector and how these will be met by post-Brexit immigration policy. The Government should also establish mechanisms through which the sectoral priorities of Northern Ireland and other UK regions can be reflected in immigration policy, such as by identifying priority professions for inclusion in the Shortage Occupation List.***

Conclusions and recommendations

Developing an agriculture policy for Northern Ireland

1. We are concerned that Defra's consultation on Post-Brexit agriculture policy does not look in detail at the sector in Northern Ireland. We have also heard that there has been little direct engagement with farmers in Northern Ireland on this consultation, and consequently there has been insufficient recognition of key differences between Northern Ireland's agriculture sector and that of other parts of the United Kingdom. This is a particular concern given the absence of a Northern Ireland Executive, which means that an agricultural policy for Northern Ireland cannot be developed independently at this time. (Paragraph 20)

2. *In recognition of the critical role that agriculture plays in the Northern Ireland economy and the absence of an Executive, the Government should proactively seek the views of farmers in Northern Ireland to better inform the remaining stages of the Bill.* (Paragraph 21)

3. In the absence of a Northern Ireland Executive DAERA is not able to respond to the urgent challenges posed by Brexit. In particular, in the absence of a Northern Ireland Executive and Northern Ireland Assembly there is no mechanism by which a new agricultural policy for Northern Ireland can be implemented, except through the UK Government. We did not see evidence that the UK Government has sufficiently recognised the strategic importance of the agriculture sector to Northern Ireland, or the unique difficulties facing the province in the absence of an Executive. We were surprised that, given the lack of formal channels through which Northern Ireland's priorities could be fed into UK policy-making processes, there appeared to have been limited engagement by the UK Government with DAERA and with the parties in Northern Ireland on this issue. The importance of agriculture to the Northern Ireland economy means there is an urgent need for clarity about the direction of future policy, and so contingency plans are required for making essential decisions should the current political deadlock continue. (Paragraph 38)

4. *The Government should identify areas in which it can lend capacity and share knowledge to support DAERA's preparations for Brexit, including in the development of policy options and rollout of pilot programmes. The Government should also proactively engage with agriculture stakeholders in Northern Ireland to ensure that the province's views are not overlooked due to a lack of formal ministerial representation. The Government must also set out how, if the Executive is not reconstituted by the end of the year, it will develop and legislate for post-Brexit agriculture policy for Northern Ireland. If primary legislation is required, and the required measures fall within the scope of the Agriculture Bill, the Government should introduce amendments to that Bill as needed.* (Paragraph 39)

5. *The Government should, during the passage of the Agriculture Bill, set out to the House the process by which common frameworks for UK-wide aspects of agriculture policy will be developed and agreed. These frameworks should be reached by agreement between the relevant devolved administrations and not set in Westminster. In the*

absence of a Northern Ireland Executive, the UK Government should engage with both the Northern Ireland Civil Service and the main political parties in Northern Ireland to discuss these arrangements. (Paragraph 45)

Financial support for agriculture in Northern Ireland

6. Direct Payments are essential to the viability of much of the agriculture sector in Northern Ireland, and the level of support available to Northern Ireland farms must not be reduced following Brexit. *Northern Ireland's agricultural funding should be maintained until at least 2022. The UK Government must bring forward, as a matter of priority, plans for the allocation of funding for agricultural support post-2022, to ensure that the devolved administration has a basis for planning its own future agricultural policies and support mechanisms.* (Paragraph 66)

7. We are concerned that, in the absence of a specific objective to maintain farm income and if the Government's agricultural policy were applied to Northern Ireland, it would mean many farms would become unsustainable due to the large number for which subsidies are of existential importance. This would have serious consequences for rural communities and the rural landscape. *We urge the responsible department to ensure that the definition of "public goods" it uses when considering future agricultural policy includes the survival of farms as essential rural assets.* (Paragraph 67)

8. While incentives to invest in modern and more efficient farming practices are welcome, we recognise that such innovations are not always appropriate or efficacious for smaller farming businesses. *In recognition of the fact that the vast majority of farms in Northern Ireland are small businesses and do not have the same scope for intensification and mechanisation as their larger counterparts, area payments should be retained as an element of agricultural support beyond 2022.* (Paragraph 68)

9. DAERA's consultation document on future agricultural policy provides a welcome indication of how the Department intends to deliver Direct Payments if no Executive is formed before exit day. The Department has confirmed that it will "seek the legal authority to maintain the status quo" for 2020 and 2021. However, there is some ambiguity over whether it would maintain alignment with CAP rules during the 2021 scheme year (potentially altering Direct Payments to mirror the post-2020 CAP settlement) or continue to make payments under the existing rules. *DAERA should clarify whether—in the 2021 scheme year—it will seek authority to continue to pay Direct Payments under the current CAP rule or maintain alignment with the CAP.* (Paragraph 69)

10. We are concerned that it is considerably more difficult for agricultural businesses in Northern Ireland to access EU derived/approved capital funding than it is for their counterparts in the Republic of Ireland. This distorts the market across the island of Ireland and harms the competitiveness of farm businesses in Northern Ireland. The problem has been exacerbated by the lack of a functioning Executive and the inability of DAERA, without ministers, to renew existing schemes and authorise new ones. We find this completely unacceptable. Post-Brexit, it will be possible to design a wider range of schemes for farm support and rural development that are tailored to the specific environmental and economic circumstances of Northern Ireland.

The Government should proactively engage with the Northern Ireland Civil Service, farmers and the agri-food sector to identify opportunities for targeted funding which would bring most benefit, and identify at-risk sectors in need of priority assistance. The Government can no longer rely on an imminently restored Executive. It must now take the lead, working with DAERA to develop an approach that allows farmers in Northern Ireland to access funding streams to develop their businesses, in a way equivalent to their counterparts in other parts of the UK and to erase the competitive disadvantage with the Republic. (Paragraph 78)

11. EU farming regulations have been frustrating for farmers, and at times counterproductive. Brexit is an opportunity to redesign farming regulation and inspection to simplify compliance and to reflect the circumstances in which Northern Ireland's farmers operate. The Government's ambition is to introduce smarter regulation and enforcement, but we heard that this may be easier said than done. There is also a tension between reducing regulatory burdens and maintaining the high environmental and animal welfare standards that the public expects. We therefore welcome the Government's decision to commission the Stacey Review to look at the future of regulation and enforcement in a comprehensive way. (Paragraph 88)

12. *When designing the post-Brexit system of agricultural regulation and enforcement, the Government should seek to reduce the regulatory burden on farmers where it is possible to do so without compromising standards or risking reduced compliance. At a minimum, the new system should be no more burdensome than that which already exists.* (Paragraph 89)

13. Farmers in Northern Ireland should be able to compete on a level playing field with their counterparts in other regions of the UK, and should not be put at a disadvantage because common rules are interpreted differently across different jurisdictions. *The Government should work with the devolved administrations to investigate whether existing environmental regulations are being interpreted consistently across the UK Prior to exit day, it should set out how it intends to ensure consistent application of the UK's regulatory regime following Brexit.* (Paragraph 90)

14. We heard that the use of short-term conacre agreements makes it difficult for farmers in Northern Ireland to plan for the future, inhibiting the development of agricultural land. The evidence we heard from farmers in these sectors was strongly in favour of reform. We consider that reform is long overdue. *The Government and DAERA should pilot approaches for incentivising the use of longer term tenancy agreements for agricultural land in Northern Ireland, including tax reliefs for landlords who grant longer term tenancies. These pilots should be ready to run during the 2019–20 financial year.* (Paragraph 96)

Trade, cross-border supply chains and North-South cooperation

15. Northern Ireland, the Republic of Ireland, the United Kingdom and the European Union will each lose out if cross-border trade is disrupted as a result of the UK's withdrawal from the EU. While avoiding additional barriers between Northern

Ireland and Great Britain is the absolute priority, arrangements that will ensure as frictionless as possible cross-border trade between Northern Ireland and the Republic of Ireland should be imperative for ongoing negotiations. (Paragraph 109)

16. It is important for the Northern Ireland agriculture sector that trade in live animals with the Republic of Ireland should be allowed to continue. The Government's ongoing consultation on controlling live animal exports is therefore worrying for farmers in Northern Ireland. A blanket ban on live animal exports to EU countries would prevent the transportation of livestock between Northern Ireland and the Republic, even in the case of short, routine road journeys. This type of trade is an exceptional case and clearly not the target of the proposed ban. It is concerning that the Government has not clarified whether trade with the Republic will be exempted from any future controls. (Paragraph 116)

17. *We recommend that trade in live animals from Northern Ireland to the Republic of Ireland should be allowed to continue. The Government should clarify as a matter of urgency whether this is its intention and, in its response to its consultation on controlling live animal exports, set out specifically what exemptions it will apply—if any are needed—to ensure that this trade can continue unimpeded.* (Paragraph 117)

18. The Government has not yet brought forward proposals for maintaining regulatory alignment in the event that no final agreement on the future trading relationship with the EU is reached before exit day. These proposals are essential to enable near frictionless trade between Northern Ireland and the Republic of Ireland to continue, if this is not achieved through a wider UK-EU agreement. *The Government should bring forward proposals as soon as possible for how regulatory alignment would be maintained in the absence of a UK-EU agreement being reached by exit day, as it indicated its willingness to achieve this in paragraph 49 of December's UK-EU Joint Report.* (Paragraph 132)

19. Geographical Indicators help Northern Ireland farmers to distinguish their produce from the competition and are generally accepted by consumers as a mark of authenticity and quality in a crowded marketplace. We were told that farmers wanted to maintain this advantage after Brexit. *The Government should seek to secure the continued application of Protected Geographical Indicators after Brexit, and agree with the EU how reciprocal arrangements will work, including on new applications for UK products.* (Paragraph 135)

20. The UK Government's guidance for businesses on preparing for a no deal Brexit does not clarify its intended approach to the issue of land border trade. Agri-food businesses in Northern Ireland urgently need to know what preparations they need to make for exit day, and so need clarity on what cross-border trade will look like in a 'no deal' scenario. *The UK Government, the Republic of Ireland and the European Union must, as a priority, consider arrangements that will allow the intent set out in the December 2017 joint report—including the upholding of the Belfast Agreement—to be met in a no deal scenario. The UK Government must confirm for businesses in Northern Ireland how—if at all—trade with the Republic will differ from trade with other EU Member States, so that the business which rely on this trade can prepare accordingly.* (Paragraph 140)

21. Northern Ireland's agri-food sector depends on exports and needs to have access to foreign markets for its produce if it is to grow and prosper. Maintaining access to current markets—including non-EU markets where Northern Ireland's agri-food sector is already taking advantage of new opportunities—and seeking new trade partners will present significant growth opportunities for the sector. By contrast, if access to these markets were to be closed off, this could curtail growth by denying producers a market for products for which there is little or no domestic demand. *The Government should carry out research to determine how the market for Northern Ireland agri-food exports will be affected by Brexit, and identify subsectors which stand to be most affected. It should report its findings to the House by 21 December. The Government should also identify markets where there is demand for agri-food produce that could be served, or is already being served, by Northern Ireland, and pursue trade deals that secure access to these markets as a priority. The Government should also seek to agree with third countries, before the end of any transitional period, the replication of trade agreements which the UK is currently party to because of its membership of the EU.* (Paragraph 147)

22. Farmers were clear that they needed to be able to compete on a level playing field with imported produce, and that imported food must be held to the same high welfare and quality standards as farmers in Northern Ireland are expected to maintain. *When striking future trade deals, the Government must ensure that it does not allow the import of produce that falls below the welfare and quality standards expected of UK farmers' produce.* (Paragraph 150)

The agricultural workforce

23. The agri-food sector is critical to the Northern Ireland economy and depends on having access to a skilled workforce, much of which is currently drawn from within the EEA. Given the importance of agriculture to the Northern Ireland economy, it is critical that the sector should have access to the workforce it needs. It is a matter of considerable regret that Defra did not make a strong case for prioritising the labour needs of Northern Ireland agriculture in its submission to the Migration Advisory Committee. We note that, despite this, the MAC highlighted the importance of Northern Ireland's agri-food sector as an area of specific concern in its final report. (Paragraph 180)

24. It is vital that the importance of agriculture to Northern Ireland's economy is reflected in the Government's approach to immigration and labour policy, and that the Government recognises—as the Migration Advisory Committee has done—that the consequences of a labour shortage in the province would be more significant than in other regions of the UK. (Paragraph 181)

25. We heard that, irrespective of Brexit, the supply of agricultural labour from Eastern Europe is likely to diminish in the future. Future policies for attracting agricultural workers will need to be mindful of this trend and give the UK the flexibility to draw on labour from around the world. *The Government should, on the basis of the advice provided by the Migration Advisory Committee, report back to this Committee on the labour requirements of the Northern Ireland agriculture sector and how these will be met by post-Brexit immigration policy. The Government should also establish*

mechanisms through which the sectoral priorities of Northern Ireland and other UK regions can be reflected in immigration policy, such as by identifying priority professions for inclusion in the Shortage Occupation List. (Paragraph 182)

Formal minutes

Tuesday 16 October 2018

Members present:

Dr Andrew Murrison, in the Chair

Mr Gregory Campbell
Jim Shannon
Nigel Mills

Draft Report (*Brexit and Agriculture in Northern Ireland*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 182 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Fifth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 17 October at 9.15am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee's website.

Wednesday 6 June 2018

Wesley Aston, Chief Executive, Ulster Farmers' Union, **Dr Mary Dobbs**, Lecturer in Environmental Law, Queen's University Belfast, **Dr Viviane Gravey**, Lecturer in European Politics, Queen's University Belfast Q1–62

Wednesday 13 June 2018

Elaine Shaw, Chief Executive, Northway Mushrooms, **Ian Duff**, Coordinator, Northern Ireland Stakeholder Potato Promotion Group, **Dr Barbara Erwin**, Chair, Horticulture Forum for Northern Ireland, and **Sarah Baker**, Strategic Insights Manager, Agriculture and Horticulture Development Board Q63–157

Wednesday 20 June 2018

Dr Simon Doherty, Junior Vice President, British Veterinary Association, **Conall Donnelly**, Chief Executive, Northern Ireland Meat Exporters Association, **Dr Mike Johnston**, Northern Ireland Director, Dairy UK, and **Ian Stevenson**, Chief Executive, Livestock and Meat Commission Q158–219

Monday 16 July 2018

Allan Chambers, Farmer, and **Adrian McGowan**, Farmer Q220–264

William Irvine, Farmer, **Thomas Douglas**, Farmer, **Malcolm Keys**, Farmer, and **Peter Gallagher**, Farmer Q265–356

Wednesday 18 July 2018

George Eustice MP, Minister of State for Agriculture, Fisheries and Food, **Charles Hotham**, Deputy Lead on Future Farming Policy and Legislation, and Head of Devolution, Department for Environment, Food and Rural Affairs Q357– 431

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee's website.

AGR numbers are generated by the evidence processing system and so may not be complete.

1 Agriculture and Horticulture Development Board (AGR0001)

2 British Veterinary Association (AGR0008)

3 CBI Northern Ireland (AGR0011)

4 DEFRA (AGR0012)

5 Dr Viviane Gravey and Dr Mary Dobbs (AGR0002)

6 Horticulture Forum for Northern ireland (AGR0003)

7 Horticulture Forum for Northern Ireland (AGR0014)

8 Mr Ian Duff (AGR0013)

9 National Association of British and Irish Millers (AGR0009)

10 National Office of Animal Health (NOAH) (AGR0005)

11 Nature Matters NI (AGR0006)

12 Nature Matters NI (AGR0016)

13 Northern Ireland Flower and Foliage Association (AGR0004)

14 Northway Mushrooms (AGR0007)

15 Professor Joseph McMahon (AGR0015)

16 Ulster Arable Society (AGR0010)

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Bombardier	HC 533 (HC 960)
Second Report	The land border between Northern Ireland and Ireland	HC 329 (HC 1198)
Third Report	Devolution and democracy in Northern Ireland – dealing with the deficit	HC 613 (HC 1589)
Fourth Report	Brexit and Northern Ireland: fisheries	HC 878
First Special Report	HM Government support for UK victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: Government Response to the Committee's Fourth Report of Session 2016–17	HC 331
Second Special Report	Electricity sector in Northern Ireland: Government Response to the Committee's Third Report of Session 2016–17	HC 921
Third Special Report	Bombardier: Government Response to the Committee's First Report	HC 960
Fourth Special Report	The land border between Northern Ireland and Ireland: Government Response to the Committee's Second Report	HC 1198
Fifth Special Report	Devolution and democracy in Northern Ireland – dealing with the deficit: Government Response to the Committee's Third Report	HC 1589