



House of Commons  
Welsh Affairs Committee

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**Brexit: priorities for  
Welsh agriculture:  
Government Response  
to the Committee's  
Second Report**

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

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

## Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

### Current membership

[David T. C. Davies MP](#) (*Conservative, Monmouth*) (Chair)

[Tonia Antoniazzi MP](#) (*Labour, Gower*)

[Chris Davies MP](#) (*Conservative, Brecon and Radnorshire*)

[Geraint Davies MP](#) (*Labour (Co-op), Swansea West*)

[Glyn Davies MP](#) (*Conservative, Montgomeryshire*)

[Paul Flynn MP](#) (*Labour, Newport West*)

[Simon Hoare MP](#) (*Conservative, North Dorset*)

[Susan Elan Jones MP](#) (*Labour, Clwyd South*)

[Ben Lake MP](#) (*Plaid Cymru, Ceredigion*)

[Anna McMorrin MP](#) (*Labour, Cardiff North*)

[Liz Saville Roberts MP](#) (*Plaid Cymru, Dwyfor Meirionnydd*)

### Powers

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

### Publication

Committee reports are published on the Committee's website at [www.parliament.uk/welshcom](http://www.parliament.uk/welshcom) 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

The current staff of the Committee are Kevin Maddison (Clerk), Matthew Congreve (Second Clerk), Rhiannon Williams (Committee Specialist), Louise Glen (Senior Committee Assistant), Kelly Tunnicliffe (Committee Assistant), Nina Foster (Media Officer).

### Contacts

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## Second Special Report

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1. The Welsh Affairs Committee published its Second Report of Session 2017–19, [Brexit: priorities for Welsh agriculture](#), as HC 402 on 9 July 2018. The Government's response was received on 10 September 2018 and is appended to this report.

## Appendix: Government Response

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### Introduction

The UK Government is grateful to the Welsh Affairs Committee for their report on the priorities for Welsh agriculture for when the United Kingdom leaves the European Union. The Department for Environment, Food and Rural Affairs (Defra), and the UK Government as a whole, recognise the importance of agriculture to the Welsh and UK economy, and is working closely with the Welsh Government to support the future of the UK's industry. Leaving the EU and Common Agricultural Policy (CAP) will give Wales the powers to design policy suited to their own unique circumstances.

**1. *In formulating its preferred vision for future UK-EU trade relations, the UK Government should recognise that the overwhelming view of the representatives we heard from was that they would be best served by retaining membership of the Single Market and Customs Union, in order to ensure current access to EU markets with no new barriers—be they in the form of tariffs, customs controls or other checks. (Paragraph 18)***

As outlined in the UK Government's White Paper on the Future Relationship between the UK and EU, the UK is seeking a new economic partnership with the EU that secures continued frictionless access at the border to each other's market for goods. This would be delivered by the establishment of a new UK-EU Free Trade Area for Goods, alongside a new Facilitated Customs Arrangement that removes the need for tariffs, customs checks and controls between the UK and the EU as if in a combined customs territory. As a result, businesses in Wales and across the UK continue to benefit from full access to EU markets.

**2. *The Government must ensure that future arrangements for geographic indicators lead to no reduction in protection for agricultural producers, and that Welsh producers can enjoy continued recognition by the EU's system of Protected Geographic Indicators. (Paragraph 22)***

The UK Government is working to ensure continued protection for our valuable geographical indications (GIs). The new UK GI schemes will provide a clear and simple set of rules on GIs, and continuous protection for UK GIs in the UK. In doing so the UK Government is working with the devolved administrations and stakeholders to ensure that our future GI schemes are developed with the interests of all producers, from all regions of the UK, in mind.

Negotiations with the EU on GIs are ongoing and we anticipate that all current UK GIs will continue to be protected by the EU's GI schemes after we leave the EU. Our objective in any trade negotiations, with the EU and globally, is to support the best possible outcome for the UK's GIs and the UK economy as a whole.

**3. We urge the UK Government to work with the Welsh Government to agree on the areas of agricultural policy to which common frameworks will need to apply, and to establish how these will work, and the mechanisms for their governance. This should be done ahead of the Agriculture Bill being introduced in the UK Parliament. The UK Government should keep us updated on the time frames for the establishment of common frameworks, to ensure that we have an opportunity to scrutinise these arrangements before they come into effect. (Paragraph 44)**

Defra officials are in weekly discussions with their counterparts in the devolved administrations, including Welsh Government officials, to establish where legislative and non-legislative frameworks are needed ahead of the introduction of the Agriculture Bill. Frameworks will only be established where they are needed, whether this is to maintain a functioning UK internal market, ensure the UK can negotiate and enter into new trade deals, enable the management of common resources, or to provide the certainty needed to agree and meet international obligations. Any legislative framework arrangements brought forward in the Agriculture Bill can be scrutinised in the usual way.

**4. We recommend that the UK Government agree with the Welsh Government arrangements for seeking the input and consent of the devolved institutions in Wales on trade deals. (Paragraph 48)**

The UK Government is committed to an inclusive and transparent trade policy that benefits the whole of the UK. It is therefore important that the Welsh Government is involved in the development of a UK trade policy and we will work closely with them on an ongoing basis to deliver an approach that benefits them. To facilitate this, we are conducting a series of joint policy roundtables with all of the devolved administrations, including stakeholders in the constituent nations invited. These technical meetings will draw on their essential knowledge and expertise, whilst recognising their role in helping to deliver the objectives of the UK's trade policy and future negotiations.

We are committed to working closely with the Welsh Government as we develop the UK's approach to trade negotiations, and will continue this engagement throughout the course of any trade negotiations.

**5. We recommend that—before Committee stage of the Agriculture Bill in the House of Commons—the UK Government agree with the devolved administrations a mechanism for future allocations of funding for agricultural support. (Paragraph 67)**

We have made a commitment that the amount we allocate to farming support—in cash terms—will be protected until the end of this Parliament. Allocations from the current CAP budget were set by Defra, in agreement with the devolved administrations and approved by HMT.

We will work closely with HMT and the devolved administrations to deliver this commitment and on the longer-term agriculture funding arrangements. Any changes made to agricultural funding would reflect the Government's aim of securing a better future for UK agriculture and for the environment. We have committed to ensure that all parts of the UK are treated fairly and their individual circumstances are taken into account.

**6. Farmers and the businesses they operate depend upon certainty, and it is critical for the future of Welsh farming that they can plan for the long term. Post-Brexit, it will be important that farmers and the devolved administrations have a similar level of certainty about future agricultural support as is currently provided under the Common Agricultural Policy. Urgent consideration needs to be given to how this will be achieved, particularly in relation to the process for making budgetary commitments at a UK level, and providing funds to the devolved administrations for devolved areas of spending. *We recommend that the UK Government set out, in its response to this Report, how this certainty will be provided.* (Paragraph 69)**

The UK Government understands the importance of providing stability to farmers as we leave the European Union and has pledged to continue to commit the same cash total in funds for farm support for the duration of this Parliament, providing much needed certainty to farmers and landowners.

Outside of the CAP we can have an agriculture and land management policy that works for the whole of the United Kingdom. Intrinsic to our approach will be as much flexibility as possible for each devolved administration to design policies to meet their own circumstances as long as they are not detrimental to other parts of the UK.

We will be working closely with HMT and the devolved administrations to deliver this commitment and on the longer-term funding arrangements for agriculture and the environment. We have committed to ensure that all parts of the UK are treated fairly and their individual circumstances are taken into account. Any changes made to agricultural funding would reflect the Government's aim of securing a better future for UK agriculture and for the environment.

**7. *In light of the suggestions we have heard about how Welsh agriculture can be supported post-Brexit, we recommend that the UK Government, working in collaboration with the Welsh Government, bring forward a strategy setting out how it will support and promote Welsh agriculture—and particularly the red meat sector—once the UK has left the EU. This should cover:***

- *Proposals for investment and support to drive improved innovation and productivity in the red meat sector—such as by increasing the shelf life of lamb.*
- *Plans for securing new trade agreements with international markets which present the greatest opportunities for Welsh agriculture.*
- *An assessment of the resources required to effectively market Welsh produce in new markets.*
- *Details of how Cabinet ministers, including the Secretary of State for Wales, will promote Welsh produce in new markets.*
- *More effective ways of attracting British workers into posts within the agricultural sector and its supply chain.*
- *Plans for the introduction of seasonal workers' schemes where necessary.* (Paragraph 79)

Agriculture, food and drink are devolved matters, it will therefore be up to the Welsh Government to determine a strategy for future policy, funding and promotional schemes for Wales. The UK Government does, however, work closely with the devolved administrations including Wales to: **support productivity; facilitate new trade deals; promote produce and exports; and secure labour.**

- a) **Productivity** is the primary driver of long-term economic growth and prosperity. Leaving the EU is an opportunity to boost domestic productivity through research, adoption of best practice, investment in new tools and technologies and adoption of new business models.

**Technological innovation** is a key part of this government's Industrial Strategy. The £90m Industrial Strategy Challenge Fund "Transforming Food Production", will put the UK at the forefront of advanced sustainable agriculture and food production whilst reducing emissions, pollution, waste and soil erosion. As part of the UK Government's consultation 'Health and Harmony: the future for food, farming and the environment in a Green Brexit' we sought views on proposals for new business models and incentives for industry to invest in innovation and new technologies to increase their profitability. These responses are currently being analysed.

Technological advances in agriculture forms part of the UK Industrial Strategy's Clean Growth Grand Challenge, which seeks to maximise the opportunities for British businesses from the global shift to clean growth.

It is, of course, for the Welsh Government to determine policy in Wales. We do, however, expect to work together in the future by sharing information on productivity so that lessons can be learned on best practice.

- b) The UK Government want to maximise our **trade** opportunities globally, both by boosting our trading relationships with old friends and new allies. There is a global demand for iconic British produce, such as Welsh lamb. For example, the recent export agreement of Welsh lamb to the Kingdom of Saudi Arabia is set to be worth £25 million. We are working hard to make sure that we secure the appropriate market access in all growing markets, and to champion quality Welsh and British food whenever possible.
- c) Food and drink is a devolved matter and as such the devolved administrations have their own funding and programmes to **promote regional food and drink**. However, the UK Government engages regularly with devolved administrations to coordinate and collaborate on activity to promote the UK as a whole through Department for International Trade, Embassy teams in the overseas networks and the Food is GREAT Campaign.
- d) Defra and the Department for International Trade (DIT) have frequent and proactive contact with the Welsh Government at official and Ministerial level to **promote export opportunities**. Businesses from the devolved administrations participate in activity organised by DIT as part of its support to companies across the UK and there have been a number of significant export deals resulting from this support.

The Secretary of State for Wales works closely with the DIT to promote Wales' international trading opportunities. He has recently undertaken missions to Qatar, Kuwait, Hong Kong and the US to promote Welsh exports as well as to secure investment into Wales.

In the US, the Secretary of State for Wales hosted an evening showcase of Welsh Food and Drink in Brooklyn. The guest list comprised many senior business leaders from New York and gave guests the opportunity to sample Welsh produce including Snowdonia Cheese and Penderyn Whisky.

It is important that we understand the particular needs of the devolved administrations to ensure that policy works for the whole of the UK. The Secretary of State for Wales consults regularly with stakeholders in Wales, including by leading several roundtable meetings seeking input on the development of the Export Strategy and ensuring that producers' views are fed into the Strategy's development.

- e) It is a key priority of this Government to enable an innovative, productive and competitive food supply chain, which invests in its people and skills. **Access to a sufficient and appropriately-skilled workforce** is essential to continued industry growth, productivity and safety.

The UK Government is already taking action through our apprenticeship programme and post-16 Skills Plan to reform technical education and new Careers Strategy. We want industry to make the most of this framework to attract more domestic workers.

For the longer term, we want to work with industry to encourage more domestic workers to enter the profession and attract the engineering, manufacturing, research and other STEM skills necessary for the increasingly sophisticated agriculture and food and drink sector workforces.

The new Food and Drink Sector Council provides a valuable leadership focus on skills and talent in the food chain through a new partnership between industry and government. The Council was announced in the UK Government's Industrial Strategy and is a formal industry partnership with government which aims to improve the productivity and sustainability of the entire food chain.

- f) The UK Government recognises the concerns of stakeholders and is determined to get the best deal for the UK in our negotiations to leave the EU, including for our world-leading food and farming industry.

Defra understands the importance of seasonal labour in supporting a successful and effective agricultural sector, and is considering how best to support the needs of the sector both before and after the UK exits the EU. The UK Government keeps its position on seasonal workers under close review.

Until the end of December 2020, employers in the agricultural and food processing sectors can recruit EU citizens to fill vacancies and those arriving to work will be able to stay in the UK afterwards. In June 2018, the Home Office announced further details about how EU citizens and their families can obtain settled status in the UK.

Whilst the UK prepares to leave the EU, Defra is working closely with the Home Office to ensure that there is a long term strategy for food and farming workforce as part of the future immigration policy.

After we leave the EU, we must have an immigration system which works in the best interests of the UK—controlling immigration whilst continuing to welcome those who make an invaluable contribution. That's why the UK Government is considering the options carefully, and will ensure that businesses and communities, including representatives from across the food chain, have the opportunity to contribute their views.

A new nationwide pilot to bring migrant workers to UK farms was announced by the Home Secretary and Environment Secretary on 6 September. The pilot will mean fruit and vegetable farmers are able to employ migrant workers for seasonal work for up to six months. 2,500 workers from outside the EU will be able to come to the UK each year, alleviating labour shortages during peak production periods. This pilot will test the effectiveness of our immigration system at alleviating seasonal labour shortages during peak production periods, whilst maintaining robust immigration control and ensuring there are minimal impacts on local communities and public services. The horticulture sector faces unique workforce challenges, with no other sector requiring as high a proportion of seasonal workers. This pilot is also needed to keep British horticulture competitive, as almost all other OECD countries source seasonal workers to pick fruit and vegetables.

The Home Office and Defra will work closely to ensure the successful operation of this pilot, and also to make sure that the wider labour needs of the agri-food chain, and all Defra workforce sectors, are reflected in policy discussions on the future immigration framework.

The UK Government has commissioned the independent Migration Advisory Committee (MAC) to assess the role that EU citizens play in the UK economy and society, and how to align future immigration framework with modern industrial strategy. We welcome the MAC's interim report published in March 2018 and will consider its evidence in full when it publishes its final report in September 2018.

**8. *When securing new trade agreements the Government must not tolerate lower environmental and welfare standards for food imported into the UK, than food which is produced within the UK. (Paragraph 83)***

The UK has set the global standard for the protection of human, animal and plant health, and is committed to high standards in the future. In line with our longstanding approach, we will argue for a global convergence towards high standards—not a race to the bottom in the standards and protections that we set. Maintaining public confidence in the food we eat is vitally important and we are proud of the high food safety and animal welfare standards that underpin our high-quality Great British produce.

Any trade deal must work for UK consumers, farmers and companies, and we will not water down our standards on food safety, animal welfare standards and environmental protection as part of any future trade deals. Departure from the EU brings a great opportunity to export more agri-food goods via ambitious new trade deals, but we also need to ensure that we do not compromise our world-leading environmental or animal welfare standards. We have no intention of undercutting our own reputation for quality by lowering any of our standards in pursuit of a trade deal.

**9. *We recommend that the UK Government overhauls the complex framework underpinning the red meat levy so that the value accrued from the slaughter of animals reared in Wales is reinvested in the promotion of Welsh produce. We expect this problem to be resolved before the UK exits the EU, and recommend that any legislative changes which are necessary to achieving this should be included in the forthcoming Agriculture Bill. (Paragraph 86)***

The UK Government acknowledges the issue arising from red meat levies being collected at the point of slaughter in England for animals which have been reared in Scotland or Wales, and is committed to finding a permanent solution. Many options have been considered in the past and some may merit re-examination to see whether they would significantly improve on today's system in the longer term.

Andrea Leadsom, when Defra SoS, introduced the Interim Fund as a three-way collaboration among levy Boards to mitigate the problem while a long-term solution is sought.

In 2018/19 the Agriculture and Horticulture Development Board (AHDB) ring-fenced £2m from red meat levy income to finance a programme benefitting cattle, sheep and pig levy payers in Scotland, Wales and England, with activities agreed between AHDB, Hybu Cig Cymru, (HCC) and Quality Meat Scotland (QMS). One focus of the programme is to boost the international presence and access for British meat overseas, helping prepare the red meat sector for the potential challenges and opportunities that may follow Brexit. The Programme will also deliver positive messaging on the health benefits of red meat, and will commission research of joint benefit.

The activities are progressing well. There has been a successful joint stand for AHDB, QMS and HCC at the Food and Hotel Asia trade show in Singapore, the trade show at Salon International de l'alimentation (SIAL) Canada was successful for all parties, and further joint stands at international hospitality and trade shows are planned. There has been good collaboration on recent inward inspection visits from China and Japan for beef and lamb approval.

A joint announcement was made at the Royal Welsh Show about the Red Meat and Health initiative in which the levy boards cooperate to communicate the benefits of red meat in a balanced diet.

Various research projects are getting underway, including one to assess the effects of mature size on the efficiency, performance and profitability of sheep and beef breeding enterprises, and one to improve the neonatal survival of lambs and suckled calves.

The UK Government is in ongoing discussions with the Welsh and Scottish Governments regarding the levy funds and legislative options.

10. We heard encouraging evidence that public procurement can be better used to encourage the purchase of local produce, and post-Brexit there may be opportunities for increasing the flexibility of public bodies to procure local produce. *The UK Government should seek to maximise these opportunities, and we recommend that, by the end of the year, the UK Government publish an action plan which details how it intends to increase the procurement of domestic produce by public bodies. As part of this action plan the UK Government, in conjunction with the devolved Governments, should provide public bodies with guidance outlining how, within existing rules, they can support the procurement of locally produced food. We also urge the Secretary of State for Wales to work with his Cabinet colleagues to explore how major public purchasers of food, such as the NHS and the armed forces, can be supported in procuring local produce.* (Paragraph 88)

The Plan for Public Procurement is intended to drive simpler and more efficient public sector procurement of food and drink and provide a level playing field that enables UK small and medium enterprises (SMEs) and local producers to compete for a greater share of the public sector market.

The plan includes a procurement toolkit based on a '**Balanced Scorecard**' framework. Use of the toolkit is mandatory for UK Central Government Departments and Agencies, including establishments located in devolved territories. Devolved Administrations are free to use the toolkit if they wish but are not obliged to. The Balanced Scorecard for food and catering makes the process of tendering and competing for contracts clearer and ensures criteria such as cost can be balanced against more complex criteria including:

- sustainability in production;
- health and nutrition;
- resource efficiency;
- social–economic value; and
- quality of service.

The Balanced Scorecard makes specific reference to factors that buyers should take account of, including engagement with SMEs, celebrating local provenance, reflecting seasonal UK products in menus and making efforts to promote local food and farmers.

Use of the procurement toolkit is not mandatory for wider public sector bodies such as schools and hospitals. However, our engagement with organisations in these sectors has been positive. For example, we have worked closely with the School Food Plan and the Hospital Food Standards Panel, so that more sustainable, healthy and nutritious food is found in our schools and hospitals. The Royal Liverpool and Broadgreen NHS Trust has piloted the Balanced Scorecard going on to use it to going on to assess bids for their Trust-wide catering contract.