

**MINUTES OF THE BREXIT ARABLE GROUP MEETING, HELD ON MONDAY 08 APRIL
2019 AT 21 ARLINGTON STREET, LONDON, SW1A 1RN**

Present:

Alex Waugh (AW) - nabim	Robin Manning (RM) - Defra
Amanda Lyons (AL) - Defra	Gareth Evans (GE) - DIT
Julian South (JS) - MAGB	Cecilia Pryce (CP) - Openfield
Angela Gibson (AG) - Glencore	Gordon Polson (GP) - FoB
Sarah Mann (SM) - GAFTA	Jeremy Moody (JM) - CAAV
Joe Brennan (JB) - nabim	Philippa Beardmore (PB) - Defra
Jo Gardner (JG) - Defra	Henry Gilliver (HG) - Defra
Dave Eudall (DE) - AHDB	Paul Rooke (PR) - AIC
Michael Bellingham (MB) - PFMA	Rosie Anfield (RA) - Defra
Jon Calland (JC) - Tilda / Rice Association	

Present for Items 4 onward:

David Miley (DM) - HMRC
Nikki Hammer (NH) - HMRC
Sian Evan (SE) - HMRC

Joined remotely:

Jack Watts (JW) - NFU Ian Mace (IM) - ABF

Action summary:

- 2) BAG members interested in joining a group that would develop a strategy on future arable sector data requirements should email AW.**
3) BAG members to let AW know which FTAs they would like more detail on.

1) Welcome and introduction

- AW opened the meeting at 14.00. Participants were welcomed and introductions made.

2) Arable sector data requirements - JW

- JW said the NFU were trying to understand what information the arable supply chain would need going forward and were looking to map out requirements and the vision for fulfilling them.
- An example of data was carbon emissions, which would be needed as the NFU were aiming for UK farming to be net zero carbon emitters by 2040.
- The industry would be dealing with an investment that was different to CAP and understanding how treasury would operate in regards to this was a key starting point.
- The political profile of the arable industry should also be addressed, as this had historically been low.
- PR said it would be surprising if Defra reversed the cuts it had made in recent years in relation to data collection and believed the industry would have to continue to do more for itself. It was also likely that customers would want more data from the arable sector in the future.
 - Data could be gathered through industry surveys or IT systems pooling it together. There were questions over how the industry would organise itself and whether industry should gather more data itself.

- There were also questions over the accuracy of data and whether it was time the arable sector had something similar to the livestock information programme, and how this would be funded.
- There were simple issues the sector had not been able to tackle in the past, such as moving to a digital grain passport, and the chain should not overlook what customers would require in the future.
- AW said the data should not just relate to the quantity of production, but how goods are produced, for example environmental performance. JW added that resource use efficiency data would be an important part of measuring productivity and developing future policy. Data that could be used to demonstrate compliance with agrochemical regulations would be valuable, as would any other data that could be used to differentiate UK grain from imports and give UK grain a USP in export markets.
- CP said there was a role for both commercial data and government data, as government needed to know whether policy was working. She added that some data, such as CO₂ emissions, were difficult to capture as there were divided opinions on how to measure it.
- JS said that brewers in Europe were testing a pilot and had asked maltings for detailed environmental impact data. The likely end result would be a rating on the finished product.
- JM asked whether it was worth only looking at data that was likely to be accurate, as data relating to compliance may not be reported accurately. He added that the datasets had to be valuable to those submitting.
- AW said it was key to make data from one part of the supply chain available to others if there was mutual benefit and added that the challenge for increasing productivity was not just for farmers but also further along the chain, for example for millers and bakers.
- RM said that as the sector went through a turbulent period, his main concern was to continue current data collection, but it was useful to keep an eye on what could be done in the future. Other sectors were now looking to introduce integrated systems, for example tracking an animal throughout its life and grading the animal and the value it generates. This could be done for the arable sector, potentially by using blockchain. RM said there could be seed funding available, but this was not within his policy remit and he would have to check.
- PR said a complete strategic approach would be needed. AW said a group may need to be established. Those interested in joining it should email AW.

Action: Those interested in joining a group that would develop a strategy on future arable sector data requirements should email AW.

- CP said one concern was that if the EU were to change regulations the UK would need to prepare data to demonstrate compliance. RM said Defra intended to be active in these processes and that influencing policy making bodies with good scientific knowledge would be crucial.

3) No-deal preparations

- A colleague from the Freight Transport Association (FTA) based in Brussels had provided some input in relation to no-deal transport issues.
- Her view was that the UK had still not been added to the list of authorised exporters (those allowed to export agri-food products) but it was hoped the UK would be added in the next few

days. This was important for those dealing with products of animal origin as exports would not be allowed without authorisation.

- Border inspection posts were being built in various European countries, again linked to products of animal origin. It was not clear whether anything was being built in Ireland.
- It had been commented that official European guidance on the trade of plant-based products was ambiguous. An attendee confirmed that PEACH was for plants and IPAS was the UK successor to TRACE so was for livestock.
- Freight transporters expected a lot of complications as neither UK or EU member states would be used to dealing with the different regimes. There were reports that some EU hauliers did not want to deliver to the UK as it would be too complicated and slow.
- RM said there had been reports that UK hauliers on the continent would be experiencing more issues.
- IM said the risk was that individual hauliers would not take on certain loads as they would not want to get stopped. It would be important to provide clear guidance that UK businesses could show to hauliers in the EU, demonstrating that the haulier has all the information needed and there will not be an issue.
- GE provided an update on rolling over EU free trade agreements (FTAs) in the event of no-deal. The government had provided a list of the countries for which discussions were ongoing and which were likely to be rolled over or not. For a number of agreements, the UK was waiting for the country to respond and for the final issues to be resolved.
- If individuals had questions about agreements with particular countries, they could write to GE and he would provide a more specific update on whether it would likely be agreed in a no-deal scenario.

Action: BAG members to let AW know which agreements they would like more detail on.

- GE outlined that if an agreement with the EU is reached and the UK enters a implementation/transition period, the EU would declare that the UK should continue to be treated like a member state by trading partners. The Commission had been waiting for the withdrawal agreement to be ratified before contacting those partners. A number of countries had already declared that they would recognise the UK as a member state in that scenario. GE would send round the list of those countries.
- It was discussed that whilst the EU could notify these trading partners, it was not able to force them to recognise the UK as a member state.

4) Agricultural flat rate scheme (HMRC) - DM

- DM outlined there had been low take-up of the agricultural flat rate scheme and HMRC were looking to gather feedback on how this could be improved. Around 1,400 businesses were using the scheme.
- The scheme was an alternative to VAT registration for small farming businesses. Once registered, businesses would not have to complete VAT returns.
- A judgement in December 2017 meant that HMRC had ceased to use protection of revenue powers. The result was that large businesses using the scheme had not come off it, which had caused some distortion in the market. HMRC were looking to ensure that only small businesses were able to use the scheme.

- Turnover thresholds were used to establish eligibility. It was asked whether this was the most appropriate approach.
- DM said that HMRC had limited knowledge of the target audience and were looking to discuss proposals with relevant stakeholders.
- PR said using turnover was okay to be used as a measure and added that 250k turnover is a small business and questioned whether it was a suitable lower limit.
- It was discussed that it would be useful to get in touch with regional accountants with farming clients. JM said he could pass on a contact from the farming group of _____.
- DM asked that responses to the questions in the presentation were emailed to cit.vatregistrationandaccountingpolicy@hmrc.gsi.gov.uk.
- RM asked whether a formal consultation would follow. DM said this was likely once the initial scoping had been done.
- SH said they would be looking to send out a survey or form that could be shared with members.
- The presentation slides would be shared alongside the minutes.

5) Future meetings

- The new Defra minister of state, Robert Goodwill, had been invited to attend the next meeting on 13 May. AL said he had the event in his diary.
- AW said this would be an opportunity to discuss the issues concerning the sector, such as data requirements and support for investment.
- PR said it would be good to talk about the future trade relationship so the sector's priorities could be put forwards.
- **The next meeting would be held on 13 May at 21 Arlington Street, commencing at 14:00.**