

MINUTES OF THE BREXIT ARABLE GROUP MEETING, HELD ON MONDAY 17 JUNE 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
Angela Gibson (AG) - Glencore	Amy Yates (AY) - FoB
Jeremy Moody (JM) - CAAV	Joe Brennan (JB) - nabim
David Eudall (DE) - AHDB	Paul Rooke (PR) - AIC
Rosie Anfield (RA) - Defra	Tom Bradshaw (TB) - NFU
Ian Mace (IM) - ABF	Michael Bellingham (MB) - PFMA
Tori Morgan (TM) - NFU	Nick Olney (NO) - Defra
Selina Matthews (SMA) - Defra	Jenny Rowland (JR) - Defra
Philipa Beardmore (PB) - Defra	Jo Gardiner (JG) - Defra
Angela Bowden (AB) - SCOPA	Dominic Rowland (DR) - Defra
Charles Trotman (CT) - CLA	

Joined remotely:

Lucrecia Matteri (LM) - ACFM/BOBMA	Cecilia Pryce (CP) - Openfield
Sarah Mann (SMn) - GAFTA	Tom Surrey (TS) - Defra
Geoff Richards (GR) - Defra	

Present for Item 3 only:

Robert Goodwill (RG) - Defra

1) Welcome, introductions and housekeeping

- AW opened the meeting at 14:00 and welcomed attendees.

2) Discussion before the minister joined the meeting

- There was an exchange on the topics to be discussed with the Minister:
 - How would the UK diverge from EU regulations and was the common rulebook idea still the government's preferred approach?
 - What was the state of government no-deal planning and to what extent did the government feel it was ready for no deal, particularly relating to trade and administrative requirements for trade in a no-deal scenario?
 - Were government aware that an October no-deal scenario would be worse than March for the arable sector?
 - It was discussed that this was because the deadline was earlier in the marketing season, at a time when it looked as though the UK would have an exportable surplus.
 - What was the Defra view on the rhetoric from DIT that Brexit would provide an opportunity to import cheaper food?
 - What was the status of continuity agreements?
 - Where did Defra envision the balance between food production standards and environmental goals lie and what would this deliver in terms of what was offered to consumers.

- There was a discussion on the food and drink sector council productivity working group, which met in the first week of June to review the draft report. The report appeared to be very farm-focused and some considered it an oversight to miss the significance of the supply chain when encouraging a change in behaviour. AW would distribute a copy of the presentation.
 - PR said his understanding was that the remit of the group always ended at the farm gate and the shortcomings of this approach had been highlighted on a number of occasions.
- There was a discussion on the transparency market model proposal by the European Commission. AW said that for flour and likely a number of other commodities, the proposals were unworkable, as weekly reporting would pose too much of an administrative burden. The data would not be particularly useful either, as an average figure would not take into account the multiple factors that affected pricing. It also did not take into account that some businesses would not be willing to share prices and there could be an issue with competition law compliance.
 - RM said Defra were examining the situation and asked that associations copy them in on responses. There was some political push behind this as the reporting was part of the Agriculture Commissioner's portfolio, which he wanted to finish before his term was over.
 - IM questioned the value of the system and DE said there needed to be certainty that the data was reliable, impartial and representative.

3) Discussion with Rt Hon Robert Goodwill - Defra Minister

- *The Minister joined the meeting.*
- AW gave an overview of the BAG and how it interacted with Defra.
- RG outlined the problems the UK agri-food industry faced. He stated that no-deal was not a solution and there would be logistical and tariff issues to contend with. Defra had to try and mitigate the risk and limit the damage of certain aspects of no-deal. He said the department was ready for no-deal in March and would still be ready in October, but added that some sectors would find it more manageable than others.
- TB flagged the issues associated with a no-deal in October for marketing malting barley and the difficulties associated with finding contracts for the crop owing to uncertainty in the sector. RG said uncertainty was a problem for every sector and government could not predict how or even when the UK would leave. He considered there was nothing wrong with the deal Theresa May had agreed with the EU, but did not believe no-deal was a good outcome.
- AW highlighted that October was a time of peak stocks for the arable sector and the UK would be priced out of the market if EU tariffs applied to UK grain. He added that it would be difficult to trade agri-food products with the Republic of Ireland.
- AW asked whether the same tariff arrangement published by the government in March 2019 remained the official no-deal policy. RG said this was the policy and would apply for 12 months from day one, unless the new prime minister had a different view.
 - TB asked why reciprocal tariffs on wheat and other cereals were not considered and said that the proposed tariffs did not seem to be an equitable arrangement. RG said this was a fair comment and that the prime minister was not expecting to achieve a no-deal outcome.
 - TM asked whether there was an option to gather evidence to demonstrate issues with the schedule. She highlighted that the proposals undermined the point of standards for UK farming if they did not apply to grain imports from elsewhere. Whilst engagement with

officials had been good, NFU members wanted to see the workings of the model that had been used to generate the outcomes.

- RM said the aim had been to have a situation that was broadly neutral in terms of consumer prices. The model had looked at volume of trade with the EU and where mitigating factors might occur, for example a tariff on poultry imports might increase demand for domestic grain.
 - AW said he was not convinced a tariff on wheat protected the domestic food production industry and said that protecting added value manufacturing in the UK would protect value and jobs.
 - RG said his constituents had not voted for poorer food standards and did not want to be undermined by lower standards of imported goods.
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- AW asked whether the common rule book would be the government approach. RG said this would be the starting point, but the UK did have a different view on gene editing, which they would see as a way of reducing reliance on pesticides. He considered the EU approach to gene editing to be hypocritical and thought the precautionary principle was being used inappropriately. There was no evidence seen by Defra that demonstrated glyphosate was a risk to human health and he was concerned about NGOs funded by the EC that were not accepting scientific evidence. He added there would be a point where the EU would legislate based on politics rather than science and the UK would need to be able to resist this.
 - TB said the environmental NGOs had a large following and could not be ignored.
 - JS said some customers were affected by the concerns raised by NGOs, for example some malting barley customers stated in contracts that glyphosate should not be applied. The industry wanted growers to retain access to glyphosate, but needed to make sure the customer accepted this view.
 - AW flagged an article in the Grocer which stated the DIT had said the export focus for food should be on meat, dairy, own-label, alcoholic mixers and the organic and free-from sector. He asked if this was in line with the Defra thinking. RG said there would always be a market for high-value products and high-value would be where the margin was made.
 - AW considered that the list overlooked the potential of the sector, as £1 billion of foods based on arable products were exported each year. It was a diverse sector but all the crops were being produced in the UK and the value was being added in the UK.
 - RG said one of the reasons beef and lamb had received focus was because there had been problems with trade barriers, such as bovine encephalopathy and scrapie.
 - AW said non-tariff barriers (NTBs) were the most significant issues and equality of treatment on some NTBs would help businesses.
 - CP said the UK would like to export barley to China, but there was still a phytosanitary issue of sterile brome and a tolerance that the UK could not meet. Trade agreements did have different requirements for different countries, but there was no specific limit on brome for EU member states except for sterile brome in the UK.
 - DE said there was significant uncertainty surrounding contamination of grain going into China. TB added that the UK had been approved as a trading partner with China for malting barley.
 - JS said the broader issue was that some phytosanitary requirements did not have a scientific justification and developing markets were using them as a barrier to access.

- RM said this highlighted the importance of having good contacts with industry to inform officials about these issues.
- *The Minister left the meeting.*

4) Grain and grain product trade policy

- AW asked about the arrangements relating to the market access database post-Brexit.
- GE said that the market access database would not be accessible to businesses post-Brexit. DIT were considering establishing an online platform on which businesses could register trade barrier concerns. AW asked whether there was an opportunity for this to be road tested before 31 October.
- GE was not sure whether the UK version would incorporate the information that was already on the EU database.
- AW said it would be useful if there was a means of anonymising information about the business raising the trade barrier concern.

Action: GE would investigate whether the team leading on the market access database could present at the next BAG meeting.

- AW said the group should think about longer-term trade policy and how to generate business in the UK to develop export markets for value-added products.
- DR said if you were to go back three years, there were very few people working in Defra on trade policy. A number of years ago, Defra consulted on trade agreements identified as priorities for future trade deals and once out of the EU, negotiations could begin in earnest with these partners. There had been detailed discussions on these already for some areas. Phytosanitary questions were dominated by iconic and headline-grabbing issues and once negotiations begin, these would be issues to gather round defensively. Defra had been developing policy principles across government and were keen to engage with industry on what they wanted government to achieve in trade agreements.
- DR said Ministers were looking for positive stories when it came to trade policy.
 - AW said a positive spin could be put on defensive interests and there could be an opportunity to say that the UK had high standards of traceability and auditing within the food chain, a quality selling point that would also assist with exporting. DR said officials were positive on quality, provenance and traceability of a range of UK products, but the difficulty would be creating export markets where those attributes were valued and a framework of trade policy that would enable that.
 - TM considered there could be a conflict if DIT were looking at an independent trade policy whilst DExEU looked at a future relationship with the EU.
 - DR said there were interdependencies and scope for different departments to move in different directions. He added that there would be officials who could take these differences into account.
 - It was discussed that the UK was unlikely to be an exporter of grain in the future, and policy should focus on exporting grain-based value added products. AW considered that this should have been happening regardless of whether the UK voted to leave the EU or not.

5) Other business

- RM highlighted the consultation on folic acid fortification of flour was running and the closing date was 9 September.
- AW said the no-deal Brexit food hub was live, although it had not been finalised. A link would be sent round after the meeting.
- PR said there were questions over the transition to 3rd country agreements and the timetable for this if Brexit occurred on 31 October particularly over whether HMRC 3rd country trading partners understood what the duties would be. RM said some progress had been made and the idea was that where agreements had been reached, the tariff would be subject to whatever legal agreement there was. If there was no agreement, the default was that tariff would apply.

6) Next meeting

- The next meeting would be held on 15 July, commencing at 14:00 and would feature a presentation from Simon Hall who led the Defra livestock information programme. There would also be a review of the arable data working group discussions.