

All-Party Parliamentary Group on Science & Technology in Agriculture

**Notes of a meeting held on Monday 9 May 2016,
Committee Room 21, Palace of Westminster**

EU referendum – implications for UK farming and agri-science

Present:

Members

Mark Spencer MP (Chair)
Earl of Lindsay
Chris Pincher MP
Nigel Adams MP
Robert Syms MP

Guest Speakers

Dr Helen Ferrier, Chief Science & Regulatory Affairs Adviser, NFU
Paul Rooke, Policy Director, Agricultural Industries Confederation
Nick von Westenholz, Chief Executive, Crop Protection Association
Alistair Driver, Political Editor, Farmers Guardian

Stakeholders

Andrew Burgess, Produce World; Richard Whitlock, RTW Ltd; Andrew Brown, TWB Farms; Lydia Smith, NIAB; Andrew Swift, Fera Science Ltd; Mario Caccamo, NIAB; Julia Ranieri, York University; Neil Hipps, Kent University; Chris Atkinson, NRI; Jonas Mueller, Kew; Peter Gadd, NFU; Susan Gadd, Farmer; Adam Speed, CPA; Oliver Savory, NFU; Hugh Oliver-Bellasis, GWCT; Mark Pettigrew, PepsiCo; Dominic Goudie, FDF; Zoe Davies, nabim; David Leaver, BIAC; Martin Savage, nabim; Matina Tsalavouta, Rothamsted Research; Ann Wehrmann, German Milling Industry; Keith Norman, Velcourt; Chris Peters, Sense About Science; Daniel Pearsall, Group Co-ordinator

1. Welcome & Introduction

Mark Spencer (MS) welcomed Members and stakeholders to the meeting and briefly introduced the topic for discussion, noting that while the UK policy environment on agri-tech had responded positively to the emerging global challenges of food security and climate change, a recurring theme for the All-Party Group had been the stifling influence on farm-level innovation of unscientific or politically motivated regulation at EU level. In the context of the EU referendum, MS noted that these concerns had to be balanced against wider considerations for the farming industry – on issues such as agricultural support policies, trading arrangements, farming regulations, labour availability and wider impacts for the food supply chain. The meeting was therefore an important opportunity to discuss these issues, and hear from leading representatives of the farming, supply chain and crop science sectors.

2. Extraordinary General Meeting

Following the resignation of Huw Irranca-Davies as an MP, APPG rules required the Group to convene an EGM to elect a replacement officer from the main opposition party. Angela Smith, Labour MP for Penistone and Stocksbridge, was nominated and elected to serve as Vice-Chair with the support of all Members present.

3. Guest speakers

[Please note that speakers' slide presentations are available to download via the meetings section of the All-Party Group web-site at www.appg-agscience.org.uk]

Dr Helen Ferrier, Chief Science & Regulatory Affairs Adviser, NFU

Helen Ferrier (HF) noted that the EU referendum debate had generated a great deal of rhetoric, but hard facts were more elusive. The NFU had produced two reports on the issue, examining UK farming's relationship with the EU and the projected impact of different trade scenarios in the event of a Brexit. The NFU had also conducted a series of EU referendum roadshows, culminating in a resolution by the NFU Council on 18 April that on the balance of existing evidence, the interests of UK farmers were best served by our continuing membership of the EU, but equally that the NFU would not be actively campaigning on the issue or advising members how to vote.

The first NFU report, published in 2015, set out the key facts surrounding UK farming's relationship with the EU – providing access to a single market of 500 million people, the largest global economy and the world's biggest agricultural trading bloc.

HF noted that the EU was the UK's most significant trading partner, and while the UK was a net importer of agri-food products, exports to the EU were significant, eg 38% of lamb produced in the UK was sold to the EU.

With 40,000 legal acts in force in the EU, the NFU report included a comparison of EU legislation applying to farmers in the UK and Norway, which showed that although Norway is not an EU member, its farmers must comply with almost all the same regulatory requirements to trade with the EU, including pesticide restrictions.

In terms of farm support, the Common Agricultural Policy was no longer the largest single component of EU expenditure, accounting for 39% of the total EU budget. HF noted that recent CAP reforms had seen an increasing switch of support away from production towards environmental and rural development objectives.

HF observed that countries outside the EU also provided financial support to their farmers, with even higher levels of support available in other European countries such as Norway and Switzerland.

It was not clear whether the UK would maintain support levels for farmers outside the EU, yet the reality was that current CAP payments from the EU represented the difference between survival and going out of business for many farmers, with recent UK figures indicating that CAP support accounted for 75% of Total Income from Farming (TIFF) in 2014/15.

While the UK was a significant net contributor to the EU budget, HF noted that the UK was a major net recipient of EU R&D funding, which accounted for nearly a fifth of the UK's £4.54bn public sector receipts from the EU, with the UK ranking second only to Germany in terms of EU-funded R&D activity. Looking ahead, the EU policy objective to create stronger research links between farmers, SMEs and academia was also of relevance to UK agri-science.

While serious concerns remained about the EU's approach to evidence and decision-making on agri-science issues, a new mechanism for providing scientific advice to the Commission had been established under Jean-Claude Juncker. It was also worth noting that the recent House of Lords Science and Technology Committee inquiry into the impact of Brexit on the R&D landscape had struggled to find UK scientists willing to speak out in favour of leaving the EU.

Outstanding questions for the NFU if the UK voted to remain in the EU included the EU's strategy to make agriculture more productive and globally competitive, and how to improve the EU's approach to science-based regulation. In the event of a Brexit, UK farmers needed to know what a British agricultural policy would look like, and what access they would have to EU and international markets.

To provide some context for these unanswered questions, the NFU commissioned Wageningen University to produce an independent assessment of the impact on UK agriculture by 2025 under a range of different trade and farm support scenarios compared with the status quo, with trade options ranging from a free trade agreement between the UK and EU, UK trade liberalisation or the WTO default position, and farm support scenarios varying between 100%, 50% and 0% of current levels.

The modelling scenarios produced mixed outcomes, with seven of the nine options impacting negatively on UK farm incomes and two positively. Overall the free trade agreement and WTO default scenarios would result in more protectionist policies and higher food prices for consumers, and would reverse the policy trend towards a more market-based approach supported by the UK in recent decades.

Ultimately, however, HF concluded that these would be political rather than economic decisions, highlighting the difficulties of providing more detailed analysis and hard facts on the specific implications for UK agriculture.

Paul Rooke, Policy Director, Agricultural Industries Confederation

Paul Rooke (PR) focused on the uncertainties surrounding the process, timetable and trade implications of a vote to leave the EU.

Article 50 of the Treaty of the European Union provided the basis for the UK to exit the EU and to open negotiations over post-Brexit trade arrangements. From the outset this would require the agreement of the remaining 27 EU member states.

From the information available, PR noted that the 'leave' supporters appeared to favour some form of free trade agreement with the EU outside the single market, since this would address concerns over the free movement of people.

PR suggested that the envisaged two-year timetable for the Article 50 process was extremely ambitious, noting that negotiations could be extended with the agreement of both parties and leaving considerable uncertainty over this period – potentially of a number of years – for example in terms of the development, application and enforcement of EU regulations.

Once the Article 50 process was concluded, but before any trade agreements were in place, the UK would move to 'Most Favoured Nation Status' provided for under WTO rules. This included the application of tariff rates for goods entering the EU, ranging from 4% for some agricultural products up to 17% for cereals, 20% for livestock products and 30% for sugars.

Furthermore, PR did not share the confidence of some Brexit campaigners that other countries would be anxious to reach early trade agreements with the UK as the world's fifth largest economy.

He cited the example of high protein milling wheat, imported from Canada and Germany and accounting for around 15% of the UK's requirements. In the event of a Brexit vote, UK flour millers would still need to import that material, but the tariff applied at 13-14% would simply

mean paying more for imported raw material. As a net importer of agricultural products it did not necessarily follow, therefore, that other countries would be rushing to sign a trade deal with the UK.

PR noted further concerns that agriculture was being used as a bargaining counter against other sectors in the context of trade negotiations such as TTIP, and this in turn could have implications for tariff rates for agricultural products, particularly if the UK voted to leave the EU.

Furthermore, while leave campaigners had challenged President Obama's assertion that the UK would be at the back of the queue to reach a trade deal with the US, the reality was that negotiations between larger trading blocs such as the US, EU or Japan would inevitably take precedence, raising serious questions over how long the UK would be left at a potential trading disadvantage.

In conclusion, PR summarised the following pros and cons for the UK agricultural supply sector in the event of a vote to remain or leave the EU:

Remain - Pros

- Known CAP structure
- Level of Support
- Single Market Access
- Third Country Trade Arrangements
- Access to strategic funds (eg. R&D)
- Contributing to and influencing the rules

Remain - Cons

- Level of bureaucracy
- One size fits all approach
- Hazard v Risk suitability
- Approach to science and use of scientific evidence in agriculture and food production
- Timeliness and equal application of rules

Brexit – Pros

- Direct control of rules
- Pro-science Governments (of all colours)
- Improve use of technology
- Direct access to decision makers
- Improved industry co-ordination

Brexit – Cons

- Level of bureaucracy doesn't change
- Lack of clarity over trading status
- Time to renegotiate trade agreements
- Threat of tariff introduction ahead of trade deals being finalised
- Lack of clarity over negotiating objectives
- Impact of business uncertainty

Nick von Westenholz, Chief Executive, Crop Protection Association

Nick von Westenholz (NvW) indicated that the CPA was not taking a position on the EU referendum, but had identified areas of concern for the crop protection sector which were not necessarily being addressed by either side in the debate.

NvW noted that the agriculture sector had been slow to recognise the importance of the referendum, but that had changed in recent months with an increasing number of reports, debates and speeches tackling the issue and its implications for UK farming.

The debate distilled down into relatively polarised positions between the leave camp seeing Brexit as a unique opportunity for the UK as the world's fifth largest economy to go it alone, and the remain campaign – while not advancing the EU as perfect – nevertheless presenting EU membership as the least worst option in economic, trade and security terms, as well as maintaining a stake in the policies and legislation that would continue to affect the UK.

But NvW considered that both positions missed an important point in relation to the shortcomings of EU agricultural policy, not least in its failure to adopt a science-based approach to regulation in areas such as GMOs and crop protection.

The issue not under discussion was the vision of what future regulation in these areas would look like, and if the UK were to remain in the EU how could a reformed regulatory system be framed to enable rather than disable such innovation, and secure a more evidence-based approach as advocated by the UK.

NvW noted that the EU was currently prevaricating over a vote to renew the authorisation of the herbicide glyphosate, with speculation that approval could be granted for ten years, a period not referenced anywhere in the regulations and highlighting the shortcomings of EU policy-making in allowing such decisions to be influenced by politics over scientific evidence. A similar approach had resulted in the current EU-wide ban on neonicotinoids.

Equally, NvW expressed concern that the Brexit camp had not provided a clear indication of whether the UK on its own would have the ability to adopt a more science-based approach to agricultural innovation, or whether remain supporters were correct to suggest that the UK would continue to be subject to the same rules and regulations coming out of Brussels anyway.

In conclusion, NvW considered that the future regulation of innovative agricultural technologies was a critical issue for the farming sector, and yet it was a question not adequately addressed by either side in the debate.

Alistair Driver, Political Editor, Farmers Guardian

Alistair Driver (AD) noted that although the referendum debate had been hotly debated in the farming industry since the turn of the year, there remained a genuine lack of detail in critical areas needed to inform decisions. In terms of farmers' voting intentions, AD considered that the NFU survey conducted last autumn – showing 52% want to stay in the EU and 26% to leave – was likely to be the best guide, and certainly more accurate than on-line polls.

With many farmers still undecided and in need of more information, AD considered that the two sides of the debate had not helped themselves by failing to respond to these demands, each simply claiming that Brexit would either make everything perfect or disastrous.

While Farmers Guardian would not taken an editorial stance on the referendum, AD indicated his personal view that farmers would be better off remaining in the EU, primarily because the UK would not maintain the same levels of farm support and it was difficult to

imagine a post-Brexit scenario in which access to markets offered an improvement on current trading conditions. In AD's view it was unrealistic to expect a tariff-free trade deal with unfettered market access or less stringent regulation.

However, AD acknowledged that one of the attractions of Brexit was the opportunity to redesign the CAP in the UK's interests, with interesting proposals emerging from George Eustice and others on what a British agricultural policy could look like.

However, access to labour without free movement of people in a post-Brexit UK would also pose particular challenges for the horticulture sector already struggling to cope with the introduction of the living wage and the withdrawal of the SAWS student labour scheme, potentially exporting production to Spain and North Africa.

Turning to agri-tech, AD noted that the EU had fostered an anti-science approach on issues such as GM crops, neonicotinoids, glyphosate and new gene-editing techniques, and it was seductive to think that the UK could regulate these issues on its own. In practice, however, the need to trade with other EU countries would mean compliance with their regulations and it was also important for the UK to maintain its science-based influence over those rules.

At the same time, the promise of less stringent regulation was far from assured in a post-Brexit UK given Defra's track record on gold-plating existing EU legislation, while for the multinational companies developing these technologies the UK on its own was perhaps too small a market to attract the levels of investment needed to develop and bring new GM and crop protection products to market.

AD concluded that it was a fascinating and finely balanced debate, but emphasised the need for both sides to provide greater clarity and detail on the specific implications for UK agriculture to enable farmers to make an informed decision on 23 June.

4. Questions and discussion

The following key points arose during discussion:

Concern was expressed that in the event of a vote to leave the UK would be made an example of by the EU in any future trade deal negotiations to deter other member states from leaving.

It was noted that the US is able to trade successfully with the EU without observing all its rules and regulatory standards, challenging the remain camp's assertion that if the UK voted to leave and continued to trade with the EU it would still have to observe EU legislation without having any influence over it.

Doubt was expressed over the claim made by George Eustice that an independent UK would seriously move to re-license crop protection products such as neonicotinoids and other substances previously banned or restricted by the EU.

It was noted that non-EU countries are already significant recipients of EU R&D funding and many collaborative research projects involve non-EU partners, challenging the assertion by pro-EU scientists that the UK would be cut off from EU research funding.

However, it was also argued that the UK leads a high proportion of research projects funded under the EU Horizon programme, and while the UK would be able to participate and collaborate in a post-Brexit scenario, it would be unlikely to maintain its current leadership position.

It was noted that the positive economic impact of EU R&D funding was also significant, with a recent impact study indicating that each £1 in EU funding allocated by Defra delivered a £44 return to the agri-food economy.

While the UK maintained a robust, science-based position in its dealings with Brussels, it was also suggested that the EU operates as a moderating filter for the extreme demands of mainly UK-based environmentalists and lobby groups, and there was a serious risk that an independent UK would be even more subject to the influence of NGOs and their opposition to modern agricultural practices and technologies.

It was claimed that public scepticism over the EU and the apparent narrowness of the vote was down to MPs and others in the past blaming problems on 'Brussels bureaucrats' when those same politicians were now in the position of having to promote and defend the EU concept as a good idea.

There was strong criticism of the fear-mongering from both sides of the debate, with calls for the remain campaign in particular to focus on the positive benefits of EU membership.

With 44% of all goods and services from the UK exported to Europe, compared with just 8% of all the EU's goods and services coming to the UK, the leave campaign's claim that the EU needs the UK as much as we need them was described as ridiculous.

It was noted that as a net importer of food and agricultural commodities the imposition of trade tariffs would lead to higher food prices for UK consumers, particularly in poor harvest years. Many pan-European food processors and manufacturers may even opt to relocate their UK operations to mainland Europe to avoid the risk of higher or more volatile raw material costs.

Concern was expressed that the UK's support for a science-based approach on agri-science issues was being over-ridden by other member states' emotional approach, such as the Danes banning EU-approved SDHI fungicides over metabolite concerns and the French developing impracticable restrictions on tank mixing. It was suggested that the current political momentum of decreasing the crop protection armoury was causing serious problems for EU agriculture, raising doubts over whether the UK was better off as part of the EU rather than able to determine its own policies on issues such as pesticide use.

Given the international nature of modern food production and distribution, it was suggested that the UK would be better placed to tackle consumer health, food fraud and food integrity issues such as the horsemeat scandal as part of the EU rather than as an independent nation.

Concluding the meeting, Mark Spencer MP thanked speakers and attendees for their contribution to a stimulating and informative session.