

Select Committee on the European Union

Energy and Environment Sub-Committee

Corrected oral evidence: Secretary of State for Environment, Food and Rural Affairs

Wednesday 1 November 2017

11.30 am

Watch the meeting

Members present: Lord Teverson (The Chairman); Lord Curry of Kirkharle; Viscount Hanworth; Lord Krebs; The Duke of Montrose; Lord Rooker; Lord Selkirk of Douglas; Baroness Sheehan; Viscount Ullswater; Baroness Wilcox; Lord Young of Norwood Green.

Evidence Session No. 1

Heard in Public

Questions 1 - 10

Witness

[I](#): The Rt Hon Michael Gove MP, Secretary of State for Environment, Food and Rural Affairs.

Examination of witness

Rt Hon Michael Gove MP.

Q1 **The Chairman:** Secretary of State, good morning and welcome to the EU Sub-Committee on environment, energy, agriculture and fisheries. It is quite a broad portfolio. Perhaps we could first go through some housekeeping issues. This is a public meeting; it will be broadcast. We will be taking a transcript. If anything has not been recorded correctly, you will be given an opportunity to change it. I remind Members to declare interests. We are bound to get on to fisheries at some point. I am a board member of the Marine Management Organisation. That is my interest. Secretary of State, I think you do not want to make an opening statement but will go straight into questions.

Michael Gove: Yes, I am at your disposal.

The Chairman: One thing we have noted as a Committee is that you have been rather more communicative with us than has sometimes been the case with others in the past. Thank you for that.

We have done work on a number of Brexit issues. They are some of the main areas of our work. We have done reports on the environment and climate change, on fisheries and agriculture and on animal welfare, and at the moment we are doing one on energy security, so we will be covering some of those areas. Perhaps I could start by asking you what your department's top priorities are for the Brexit negotiations, and what a good deal looks like to you.

Michael Gove: Thank you for the invitation to come to answer your questions today. Our department's priorities in the Brexit negotiations are the Government's priorities. We want to secure a deep and comprehensive free trade deal with the European Union. We also want a special partnership with it. In EU terms, it is both an FTA and an association agreement. Association agreements are normally for countries that are en route to EU membership, but we want a close relationship with the EU as we leave.

In particular, we want to ensure continued tariff-free access for our producers to EU markets and vice versa, and minimum friction in terms of trade, so we would like mutual recognition of SPS standards and other regulatory standards. In due course, we would like to be in a position where, as well as having the existing EU free trade agreements with third countries apply to the UK at the time of exit, we can conclude new free trade agreements, appropriately designed, with other countries. We would also like to take advantage of the opportunity to be outside the CAP and the CFP, to ensure that the way we support agriculture and look after our marine environment is more environmentally sensitive.

The Chairman: One of the things I think you have advocated is that, if there is a transitional period, assuming there is a deal, we should be out of the Common Fisheries Policy and the Common Agricultural Policy effectively in March 2019 when Article 50 runs out. The question is

whether that is compatible with the Florence speech made by the Prime Minister, and whether that would be defined in Brussels as cherry picking. How do you feel that might be achieved? Is it achievable?

Michael Gove: Ultimately, the length and nature of any transitional or implementation period is a matter for negotiation. My analysis is that, with respect to the Common Fisheries Policy, it is the case that at the moment Britain leaves the European Union, which will be in March 2019, we become, as a matter of international law, an independent coastal state and therefore are outside the Common Fisheries Policy. That does not mean that we instantly abandon the relationships and arrangements we have developed with EU countries and others to ensure that we have the most effective and sustainable management of fish stocks, and the most successful and amicable relationship with other countries in whose waters we fish and other countries that fish in our waters. But it seems to me that, as a matter of law—I have not heard to the contrary in legal terms—we would be outside the common fisheries policy at that point, as an independent coastal state.

With respect to the Common Agricultural Policy, it would be sensible for us to have the maximum degree of regulatory freedom at the moment we leave the EU, but of course that is a matter, as everything is, for negotiation. I believe that everything I have sought to describe is either an objective fact or a desirable outcome, rather than me, or anyone in government, attempting to insist upon something that is neither a legal fact nor a desirable outcome, and insisting on it as a must have.

The Chairman: One theme throughout our reports, and in the House generally, which you will be all too aware of, is that in relation to Brexit you have a department that deals with environment, a department that deals with agriculture and a department that deals with fisheries and food. Those are core areas where EU legislation takes place and where regulation has to be transposed. I think your predecessor stated that 30% of EU environmental legislation was going to be quite difficult to get into UK law. This has huge demands on your department, yet Defra has probably suffered, or taken, some of the largest budget cuts. Are you convinced that you have the capacity to deal with a very onerous schedule over the next couple of years?

Michael Gove: You are absolutely right. There is a lot for our department to grapple with. You are also right that under my predecessors the drive for greater efficiency led to a reduction in headcount, but it is important to say that the quality of people in Defra is very high and that we have augmented our numbers recently. The Treasury has indicated that we can draw down further resources in order both to increase the range of expertise we have at our disposal and to secure some of the very best people in the Civil Service and outside it to enable the department to do the work it has to do.

Q2 **Baroness Sheehan:** What do you anticipate being the biggest impact of Brexit on environment, food and rural affairs in Britain? I would appreciate it if you would take each of those in turn.

Michael Gove: Yes, of course. Let me take the environment first. There have been good and bad things about Britain's membership of the European Union in environmental terms. Some of the good things have been the protections that have been developed as a result of EU law. It has often been the case that British MEPs, or British politicians, played a big role in that. For example, Stanley Johnson, a former Member of the European Parliament, is one of the principal authors of the birds and habitats directives, both of which extended protection in a way that almost everyone would consider enlightened and welcome.

I will not dwell on the areas that have been harmful—we might touch on them later—but there is natural concern among some that, as we leave the European Union, somehow we abandon the protections and invite a race to the bottom. I am very strongly of the view that that is emphatically not the case. The first thing we will do is to make sure that European law, the *acquis* and the environmental protections for which it makes provision will be part of UK law. That is the intent of the EU (Withdrawal) Bill.

It has been put to me that that is not enough on its own. One of the other protections the European Union provides is that, if people feel that environmental damage is being inflicted by the carelessness of government, the failure of public bodies or the rapacity of individuals in the private sector, the European Commission can be asked to look at a particular situation and offer a reasoned opinion. If the Government or public bodies do not act appropriately, you can have infraction proceedings, fines and so on. That provides a mechanism by which environmental rules are given teeth.

It has been put to me by a variety of organisations that we need to reflect on our own institutional architecture. Will it be enough for Parliament and Committees such as this to hold government to account? Will it be enough to have judicial review? In the area of environmental law, judicial review provides for a cap on the costs that any individual who goes to law might have. That is a good thing, but is it enough? I have been reflecting on those arguments. I am minded, although this will have to be a matter for consultation, to say that the arguments are strong and powerful, and there is a responsibility on my department and others to come forward with propositions to answer those concerns. I do not want to pre-empt what we might say or do, but the concerns expressed are legitimate. There is what has been called the governance gap, and we have a responsibility to address those arguments, and we will do so in the course of the progress of the Withdrawal Bill.

Baroness Sheehan: Some of the evidence we heard in our inquiry on the environment was that NGOs were very concerned about the enforcement issue. History would suggest that enforcement will not be carried out unless there is a proactive body, as the European Commission has proven to be, to hold the Government to account. Is that the level of governance you are looking at?

Michael Gove: Yes.

The Chairman: We are going to come to that specifically later on. Secretary of State, perhaps you would like to give a very brief answer, as Lord Rooker is keen to talk to you about that later.

Michael Gove: With respect to food—there is an obvious overlap with the environment as well—it is the case that, as we reform the system of agricultural support we have at the moment, we can have a system that incentivises both better care for the environment and innovation in food productivity. I will give you an example. Last Friday, I visited a farm in Shropshire where a very enterprising young farmer had moved from intensive cultivation to no-till techniques. As a result, the health of the soil on that farm will improve and that will bring a variety of environmental benefits. It is also the case that the inputs—the costs of diesel and the application of chemicals—will be fewer. He will be just as effective in terms of yield but more productive in terms of cash because the inputs are fewer and the outputs are the same, so in effect we have more efficient food production and higher environmental standards. He made a choice to move to no-till, but in so doing there was an inevitable economic risk.

One of the things I want to explore is how we can use agricultural support to help people to make that transition, and to pay farmers, landowners and land managers for public goods—for increased biodiversity and the maintenance of habitats. At the moment, under the common agricultural policy, there are environmental goods that are permanently ineligible features for support because they do not generate agricultural produce. There is an opportunity for us to design a system of agricultural support that enhances the environment and helps people to be more productive.

Another thing related to food is that, irrespective of whether or not we are in the European Union, there will be big changes to the way in which food is produced over the course of our lifetimes: the move towards hydroponics, the potential for gene-editing techniques to change things and the potential for greater innovation in precision agriculture—drones mapping fields and ensuring that when we apply herbicides or other chemicals we do so with a greater degree of efficiency. All those things will help to improve food production, and outside the European Union we have the capacity to be more flexible and nimble in designing the method of support we want to provide.

The final area is rural affairs more broadly, where there are lots of opportunities for us to be imaginative in the way we strengthen and support rural life. Sometimes people create what I think is a false dichotomy between investment in environmental goods and the productivity or health of the human economy in rural areas, as though you have to choose between man and nature. I do not think you do. The example of the Lake District shows that, if proper care is given to high standards of environmental stewardship, you also generate a vibrant economy that can sustain agriculture, tourism and other enterprises, but I suspect that the most critical thing in sustaining the rural economy is

not specifically Brexit related; it is making sure that superfast broadband is available to people in rural areas.

The Chairman: I am sure we would all agree with that.

Q3 **The Duke of Montrose:** I declare my interest as someone who has been a hill farmer in Scotland benefiting from funding from the UK Government and the EU. I also have a small electrical generating station.

There seems to be an inevitable tension between pursuing free trade, low tariff deals with third countries and prioritising high welfare standards and support for UK farmers. How will you seek to balance the conflicting needs of farmers, consumers and trading partners?

Michael Gove: You are absolutely right that this is an area where there can be trade-offs. First, UK farmers can never, and should not try to, compete on the basis of producing the world's cheapest food. Indeed, sometimes food that is cheap in price is produced by creating other costs. For example, in Latin America, the growth of soya for animal feed, or the deforestation that leads to the creation of pasture for cattle, create costs that we all bear because, as a result of cutting down those trees, the fight against climate change is inhibited and we all lose out environmentally. Cheap food—this point has been made very effectively by Patrick Holden of the Soil Association—often forces costs on to others.

Secondly, we should not try to go down that route, because all our agricultural produce is best marketed on the basis of quality and provenance. We have a worldwide reputation, whether it is Scots beef, Welsh lamb, Anglesey sea salt or Herefordshire apples, based on growing food to the very highest standards. Whether it is pasture-fed beef or apples grown in properly tended orchards, people know that high animal welfare standards and high environmental standards reinforce the marketability of our produce. It would, therefore, be a mistake if in any free trade deal we watered down those standards. We want free trade deals, but we should not tarnish the good name of free trade by associating it with any diminution in those standards. We have to be vigilant.

The Duke of Montrose: A related question is that, on the basis of the last quarter's returns, the UK trade deficit in food is heading for £2.6 billion a year. Will we have any effect on that?

Michael Gove: As a general rule, not a unique one, we have developed a deficit in food over the course of our history, as our economy has become more advanced. I would like to see British farmers playing a bigger and bigger role in meeting the needs of UK consumers, but that depends partly on securing trade deals with other countries. There is a win-win situation if we get things right, not just trade deals but good arrangements.

One of the points that has been made to me by farmers is the importance of carcass balance. In crude terms, there are certain cuts of meat that the UK consumer favours, and others that the UK consumer does not

favour. If we can get some of those cuts of meat into other markets—for example, if there are parts of pigs that are popular in China that we can sell more of—it means we can have more pig production here and more of the cuts that satisfy the needs of the UK consumer, so British farmers can satisfy more of the domestic market as well. Ultimately, making sure that we meet domestic needs and potentially reduce that deficit also depends on being energetic in pursuing markets abroad.

The Chairman: I was at a conference yesterday speaking on food and Brexit. There was talk about how chicken feet were a major export to some markets where the EU has an FTA. The concern was that that would stop. On a related matter, the witnesses for our report on agriculture saw it very much as a dilemma that if we had the Department for International Trade speaking to us we would perhaps get a slightly different angle on some of this. The Committee, having taken evidence, was seriously concerned about the mixed messages that seemed to come from Government about one of the advantages of Brexit being lower food prices through world markets, yet the very low production costs in Australia, the United States, Brazil and Argentina mean that we would not be able to compete. They are very tough in trade negotiations, as I am sure you are aware, so the exemptions we would want, maybe on animal welfare issues, would be very difficult to get. The WTO might not be sympathetic in that area.

In addition, if we had those imports there would be a bigger barrier, and it would be more difficult to get a frictionless FTA with the EU, because of local content and being a channel for worldwide goods. There seemed to us to be a major dilemma. Lord Krebs has described it as a fork in policy that has to be resolved, and that the industry and consumers are able to understand. Is that all complete fiction?

Michael Gove: No, I do not think so.

The Chairman: How do we resolve it?

Michael Gove: Your question makes the point that in all policy there is always an element of trade-off. I used to be a journalist, so I know that to stimulate interest in a political debate you sometimes have to simplify and exaggerate. In the debate around Britain's future outside the EU you can suggest on the one hand that there are some people who want us to be a deregulated, neoliberal Utopia; there are others who say no, the answer is to have a tariff fortress around this country so that we can have more effective import substitution. Both those deliberate caricatures are wrong. We need to maintain high standards for the reasons I discussed with his Grace, because it is important that we reinforce our competitive advantage, which lies in quality.

On negotiating trade deals, obviously the first and most important is the trade deal we hope to secure with the EU 27. We also need to be tough in negotiating with other countries. Being tough means making sure that we reach an arrangement that is mutually beneficial but, at the same time, safeguards what we consider truly important. There are ways in which at

the moment America restricts the movement of beef, lamb and haggis into its markets, and I will make sure that we negotiate toughly on behalf of UK producers. Negotiating toughly on behalf of UK producers means also recognising that when it comes to animal welfare standards, providing we have a strong basis, as I believe we do, we defend them.

Lord Rooker: It just so happens that this morning 100 leaders of the pig industry were here in Parliament. Some of us were present to hear what they said. Pork exports to China are greater than Scotch whisky exports. The Chinese buy both. The point was made by the winner of the David Black Award that, when we brought in stall and tether arrangements for pig welfare, we lost half our pig industry because our competitors did not do that, and there was an economic cost to our industry. The industry seeks to avoid that happening again, if we are out. What is your view about those sectors? It is more than an animal welfare issue, because people buy on price. It is irritating, but they do. We will not want to allow imports of pork into the country—we are importing pork—that is produced at lower welfare standards than ours. How do we protect what we have, bearing in mind that what we have cost us a lot, because it decimated the industry when it started?

Michael Gove: It did happen back then. My predecessor, Lord Deben, introduced those measures. I think they were enlightened. There was a cost at the time, but the market has adjusted and it is the case that our pig sector is one of our most productive and efficient sectors. There is always a balance in making sure that we do not impose costs on a sector that our competitors are not imposing, but an enlightened approach towards animal welfare can work in our favour in marketing. There is more we can do to build on the good work of the Red Tractor Scheme in order to encourage people to make ethical choices.

You are right that people have tended to buy on price, but things are changing. Look at the growth in the United States of Whole Foods and at the decisions people are making here. Of, course, they worry about price but they also worry about other factors. You can see that in the choices people are making. The more information we can provide, the stronger the position for those who choose to embrace higher standards.

Baroness Sheehan: I welcome your comments about distilling statements down to simple facts. Can you say very simply whether the UK market will be open to chlorinated chicken from the US?

Michael Gove: At the moment, we ban it because of animal welfare factors. In crude terms, the reason why chicken is washed in chlorine or in other washes is that in some American states, not all, chickens are kept in conditions that we would never allow in the UK. There is a greater risk of disease. As a result, the chickens are washed, whether in chlorine or something else, to get rid of any pathogens they may have, so that they are fit for human consumption. There is no question but that chicken that has gone through that process is fit for human consumption in health terms. The question is welfare. We do not believe it is right that farmers who treat poultry in a less enlightened fashion than we do in the UK

should secure a competitive advantage by, in essence, forcing more poultry into a smaller space. In essence, that encourages the wrong sort of approach, so we will maintain high animal welfare standards in any trade deal, and it is clear that, on that ground, we would not allow America, unless it changed its animal welfare rules, to export chlorinated chicken to this country.

Baroness Sheehan: That is an interesting answer, but presumably we cannot pick and choose from which states we import it.

Michael Gove: No, and because of that we can maintain our insistence that in a country where those standards are not policed at federal level we will not accept it.

Baroness Sheehan: The answer is no.

Michael Gove: No.

The Chairman: We come to another very contemporary subject.

Q4 **Lord Curry of Kirkharle:** I farm in Northumberland and am a trustee of Clinton Devon Estates. Both benefit from the Basic Payment Scheme and participate in Environmental Stewardship Schemes. I have other responsibilities on the Register.

Secretary of State, I have another trade question. Your colleague Liam Fox MP thought he had achieved quite a good deal when he agreed with colleagues in the European Union to split tariff rate quotas, which we all agree was the right approach. However, some of the countries you mentioned, with which we hope to do trade deals—the United States, Canada and New Zealand—have thrown up their hands in horror at this decision and are not at all happy. How do you propose to resolve that situation and what are the next steps?

Michael Gove: I can understand why they are not happy, because from their point of view it looked as though there would be a bounty. Britain leaving would make them think, "Aha, we can sell just as much tariff free to the EU as we always did and sell the same amount to the UK tariff free, so that is a bonanza, or at least a good thing, for our farmers".

The approach the UK Government have taken is sensible, which is to say to the EU, "We both know broadly how much of that quota has been taken up by the UK and how much by the EU. Let us agree pragmatically to divide it". I can understand the disappointment of others, but the argument I would make to Australia, New Zealand and America is, "If you want to secure a free trade deal with us, one of the things we can then discuss is what the new tariff rate quota might be. This is an amicable arrangement with the EU, and then we can talk to you. If you can make a good case for changing that approach we will be free to do so, and it might be the case that, in the right circumstances, you might have better market access". It makes sense from the point of view both of making sure we have an orderly disengagement from the EU and of having a good position from which we can start negotiations with those countries.

Lord Curry of Kirkharle: You see it as a relatively short-term thing while we negotiate through the transitional period.

Michael Gove: Any change to the tariff rate quotas we would then have would depend on the negotiation of a free trade deal. It might be that we maintain them at that level, but the key thing is that, for countries that are concerned, my argument would be that we should have a separate discussion, in the course of any discussion we have about the free trade deals we may do with them, about what the tariff rate quota should be. It is not necessarily fixed for ever at this level; it just depends, as so much does, on negotiation.

Lord Curry of Kirkharle: There is real concern among some in the farming and food industry that we could be the sacrificial lamb. We may be sacrificed to achieve access for our automobile industry, aerospace or whatever it might be, in the haste to arrange some trade deals after the cliff edge. How do you respond to that? If that were the case, it would be absolutely your department that would be the sacrificial lamb.

Michael Gove: I have argued, and, more importantly, the Cabinet has agreed, that it is critically important when we contemplate future free trade deals that we bear in mind the specific needs of the agri-food sector and the vital importance of maintaining high environmental protections and strong animal welfare standards. It is also the case that we are committed to ensuring that the current level of money in cash available for agricultural support under Pillar 1 and Pillar 2 stays until 2022, so I think there is a stronger commitment on the part of this Government to defend the interests of agriculture and provide support for it than there is in almost any other country. That is a good thing, and it reflects the high regard in which the agricultural sector is held by the British population. The ultimate guarantor of making sure that we do the right thing is the high regard in which our countryside and those who are its stewards are held by their fellow citizens.

The Duke of Montrose: Has our schedule of proposed WTO tariffs been submitted to the WTO, because that is the fallback position if we do not get a deal with Europe?

Michael Gove: I believe it has, but I will have to come back to you, having checked with the Department for International Trade. The Secretary of State updated the Cabinet yesterday on progress in that area and reassured us that all was well, but I will come back with further and better particulars.

The Chairman: To return briefly to Lord Curry's question, the tariff rate quota split, together with things such as the Amber Box, were two of the things we highlighted in our report on agriculture. The first one has come along. As we all know, trade issues are very tough and hard-nosed, and this could be seen almost as an opening skirmish. In the future, whether it is free trade deals or integrating ourselves back fully into the WTO, is this not a sign that there will be a really tough and potentially quite fractious process with other countries? Trying to unpick what we have

with the EU provides all sorts of opportunities, whether it is the Amber Box, tariff rate quotas or future deals, to make mischief and make it difficult for us in getting leverage, and maybe on other things.

Michael Gove: It need not be fractious. As I hope I acknowledged earlier, Australia, New Zealand, America and, I am sure, others thought it might be an opportunity for them. My point is that it could become an opportunity, but only after this negotiation has been settled. The whole point about any negotiation is that sometimes it necessarily involves people folding their arms, staring at the other party and waiting for them to move. At other times, the process of negotiation moves more quickly than some might anticipate because people see mutual advantage in moving forward apace. It is important not to be either too worried about negotiations that appear to be in a holding pattern or too exhilarated when progress is made. It is important to be canny and maintain steadiness in these processes.

The Chairman: We remember the Doha Round that went nowhere, mainly because of agricultural issues. Agriculture is normally where things stop permanently.

Michael Gove: It can be. I am no expert, but the whole point about the Doha round is that it was a huge multilateral exercise, and by definition one of the most difficult things in any trade deal is to negotiate on many fronts at once, as distinct from bilaterally or plurilaterally.

Q5 **Lord Krebs:** I declare some interests. I am a consultant to two of our food retailers, Marks & Spencer and Tesco, and until earlier this year I chaired the Adaptation Sub-Committee of the Committee on Climate Change, which reported to your predecessor, or I did.

Secretary of State, I want to pick up the conversation about food prices. What assessment has your department made of the impact of different Brexit scenarios on food prices? We have heard from some of the major retailers and the British Retail Consortium that a no-deal or hard Brexit, where we did not have full access to the European Single Market and there were tariff as well as non-tariff barriers, could result in significant increases in food prices. The Chairman of Sainsbury estimated that it would be 10% or thereabouts. What figures have your officials come up with in different scenarios?

Michael Gove: It is almost impossible to predict with accuracy, for a variety of reasons. One of them is that some of the biggest factors that bear on food prices are beyond any politician's control—world commodity prices and prices of inputs such as energy. It is also the case that, if you have reform in the supply chain, you can bring prices down and ensure that you have a greater degree of competitiveness. Tariff barriers are simply one factor of many that help to determine what food prices might be.

If we were to have significant tariff barriers, we would find ourselves in a position where, depending on the foodstuff, the tariffs, in their own terms, could add to what otherwise might be the cost of food, but it is

also the case that, if you erect tariff barriers, there will be a process of import substitution. At the same time as domestic suppliers replace those who were exporting to this country, you may find opportunities to ensure that those domestic suppliers become more efficient. All of that is a way of saying that to focus purely on the process of leaving the European Union and, at the moment at which we leave, the creation of any tariffs as having a decisive impact on food prices, in the absence of everything else, is to look at only one part of the landscape and to skew the necessary perspective you need in thinking about food security and supply overall.

Lord Krebs: I accept that the factors that determine food prices are many and varied, as you said. However, as the food retail industry has come up with its own estimates, perhaps I can put the question the other way round: do you agree or disagree with what the Chairman of Sainsbury, the Chief Executive of Tesco and the British Retail Consortium said?

Michael Gove: I have huge respect for everything they have said, but I would not want to put my name, or that of my department, alongside any specific prediction.

Lord Krebs: I take that as a no; you do not agree with it.

Michael Gove: I do not want to be impolite to people who are doing a great job running fantastic industries. We must choose our words carefully. I would not want to disagree or distance myself from them; it is simply that I express my approach to these issues in a slightly different way.

Viscount Ullswater: I declare my interest. I am Chairman of the trustees of an estate in Cumbria that has money from farm payments, minerals, wind energy and fisheries.

At the moment, because we are a member of the EU, we are protected by tariff barriers from outside. You might say that is pure protectionism, but on the other hand it allows a certain internal price of production. If we are to remain tariff free with the EU and tariff free externally, is that not going to put great pressure on the production costs of UK farmers? Do you see them being able to withstand that pressure?

Michael Gove: It is a very good point. It depends with whom we can conclude free trade deals and what the terms are. For example, at the moment, the EU is itself in negotiation with Mexico and Mercosur over a free trade deal. Obviously, Mercosur countries have lower costs of production in agriculture. I do not know what the eventual shape of that trade deal will be, but I cannot imagine that it would allow EU farmers to be adversely affected by the terms of what is agreed.

Free trade deals that we might want to do with South Korea or Japan would primarily be means by which manufactured goods, services and professional qualifications could be part of a common understanding

between our countries that would help us all. We would not enter free trade deals that meant we were unilaterally lowering either tariffs or other forms of protection such that it would harm sectors of British agriculture. As a for instance, it is not yet the case that you can commercially grow oranges in the UK. Within the EU, at the moment it makes sense for Britain to buy its oranges from Spain. It might well be the case in the future that buying oranges from African countries is better both for the consumer and for development. I would not want to move at pace to upset arrangements or supply chains that exist, but there are potential areas where we can source some products outside the EU in a way that will contribute to lower food costs without harming domestic production.

Viscount Ullswater: I was thinking of production costs for farmers in this country, which are nothing to do with growing oranges. I am worried that, if production costs go down, farmers will go out of business and our food security will be depleted. Is that of concern to you at all?

Michael Gove: It is a concern, and that is why I would not want us to conclude trade deals that led to the undercutting of the high standards that British farmers abide by and embrace.

Viscount Hanworth: I think you said that the impact of Brexit on food prices is imponderable, but has anyone in your department examined the range of scenarios that might inform us of the hazards of Brexit and, if so, are you prepared to release them to the public?

Michael Gove: The AHDB has done so and has produced some interesting work, but there are two points. First, as the Secretary of State of the Department for Exiting the European Union made clear, it is a very important tradition of the UK Civil Service that it should be able to offer advice to Ministers candidly, and that there should be a safe space within which civil servants can offer advice and Ministers can challenge, and where we can have the sort of robust conversations that go on to shape, hopefully, good policy.

Secondly, while I have the highest regard for civil servants, it is not as though within the department, or anywhere else, there is a magic formula that can explain what will happen post Brexit, which nobody else could possibly access. The AHDB has made its judgments; supermarkets have made theirs; and other economists have made theirs. It is impossible to predict with accuracy, but the informed citizen can look at a variety of factors and draw their own conclusions about what the policy interventions should be in order to achieve the maximum possible benefit.

Lord Curry of Kirkharle: You are quite right in saying that, for environmental and animal welfare reasons, we should not try to compete with the cheapest global producers, but we need to compete. We cannot insulate ourselves from global trading pressures, and our productivity levels are not good enough.

Michael Gove: Indeed.

Lord Curry of Kirkharle: I am interested in what plans the department has to address that issue.

Michael Gove: There is no single answer, but the most important aspect is innovation. Last week, I had the opportunity to visit Harper Adams University, an outstanding higher education institution. It has secured interest from across the globe in its hands-free hectare experiment, which is an attempt to show how you can get a decent yield from a field without a single human hand disturbing it. In its first year, it produced a very respectable yield. Having done that in its first year, it shows what potentially could be achieved through robotics in the future.

While there, I saw automated means of strawberry harvesting. We might touch on seasonal agricultural workers and so on in a moment, but it was clear to me that not just in the field of robotics but in the field of big data and precision agriculture there are huge potential gains to be made in ensuring that we are highly productive. It seems to me that part of agricultural support should go to higher education institutions such as Harper Adams, the University of Reading and Newcastle University to make sure that we drive the sort of innovation that will increase yields and profits in the future. That is the single most important thing. The second is to encourage farmers themselves to think more entrepreneurially, and that will sometimes mean encouraging them to work together to share knowledge, and to secure a fair price from processors and retailers so that they can reinvest in the technology and capital required in order subsequently to increase yield.

Q6 **Lord Young of Norwood Green:** I have always admired the enthusiasm you bring to all your departments, Secretary of State. We have seen it on display this morning.

Michael Gove: Thank you.

Lord Young of Norwood Green: As you know, EU subsidies make up between 50% and 60% of farm income in the UK; it is higher still in other parts. In looking at this question, I could not help but turn to your speech to your party conference in which you said that “the CAP has channelled hundreds of thousands of pounds of taxpayers’ money to the already wealthy, simply because of the amount of land they have. That is plain wrong ... what makes it worse is that the CAP has not provided the right support for our farmers in their drive to improve animal welfare standards and enhance environment. We have the best farmers in the world, producing the best food in the world, but inside the EU they are held back by bureaucracy, hampered in their efforts to get into new markets, and hindered in their ambitions to further improve our environment. Our rural communities need a new deal. Outside the EU we can do so much better”. What clarity can you provide for farmers on financial support post 2020? You seem to have given us quite a clue in your conference speech. Perhaps you could expand on that.

Michael Gove: We have said that in cash terms overall support for farmers in Pillar 1 and Pillar 2 will remain, as a total, intact until 2022. There will probably be a transition period for farm support, during which we do everything possible to ensure that existing farm businesses have broadly the same level of support in cash terms for quite some time, so that they can adjust to a new dispensation.

The new dispensation should be broadly along the lines of the principles that I outlined in the conference speech. Of course, this has to be for consultation, but my original thinking is that support for farmers under Pillar 1, as it currently is, on the basis of the size of their productive agricultural landholding, should probably be capped. I do not think there should necessarily be any cap on the amount of money people receive for providing environmental services.

One of the things we then want to do is use some of the money available for agricultural support both to boost productivity by supporting technology and to move towards creating a scheme where we increasingly pay people for public goods, such as high environmental and animal welfare standards and public access. We want to give some thought to creating a scheme that helps farmers to cope with the necessary volatility of world markets and the vicissitudes that come from weather or pests, so we need some sort of system, whether a change to the tax system, as in some countries, or a state-backed insurance system, that helps to pool risk for farmers. Those are all the principles, but I hope that before long we will be able to produce a Command Paper outlining a direction of travel, which we can take to the industry and others to see which principles people think are right and what the mechanisms might be for giving effect to them.

Lord Young of Norwood Green: Small farmers are probably under the greatest risk and threat. Looking to the tenor of that conference speech, in your view is that where we should be focusing significant effort?

Michael Gove: There is a particular challenge with upland farmers and people who farm in less favoured areas. I need to give particular thought to making sure that whatever system we devise does not lead to the hill farmers of mid-Wales, Galloway or Cumbria losing out.

The Chairman: Perhaps we could look at this from the other end of the telescope. It seemed to me that one of the great potential benefits of Brexit was being able to rid ourselves of the huge amount of money that goes into the agricultural sector and takes up a huge proportion of the EU's budget. In times of austerity—we still have a public sector borrowing requirement issue—should we move the farming industry to where every other sector of business is in Britain, apart perhaps from the energy sector, and take it off public support and use the money elsewhere?

Michael Gove: Almost every country has a method of providing support or channelling public investment into agriculture and environmental stewardship. I think that the British public want to continue, as I certainly do, to devote the money needed to ensure that we have a healthy

agricultural sector. The issue is not whether or not you should have any support at all; it is how it is channelled. I very strongly believe that that money can be used both for environmental enhancement and to support productivity growth. Of course, there have been problems with the way the Common Agricultural Policy has worked in the past, but there are very few countries that have no method of intervention to support the countryside.

The Chairman: But over the medium term will there not inevitably be pressure from the public to use the funds more and more elsewhere, and there will thus be a decline in the sector?

Michael Gove: Funnily enough, I think the pressure from the public may well be to ensure that we continue, maybe even increase, funding in this area. It is not for nothing that one of the most successful programmes on BBC TV is "Countryfile". Without wanting to be too romantic about it, when people think of this country, one of the many things in which they take pride are the landscape and those who are responsible for it. When people list the institutions that they think reflect well on Britain, they mention the BBC, the NHS, the Armed Forces and, quite rightly, the monarchy. One of the other things, which is less tangible but just as important, is continuing to ensure that our rural areas and rural life are supported, because they are integral to our idea of ourselves.

Lord Krebs: I was intrigued that you think that in the future we can have both more efficient agricultural production and better protection of the environment. Is there not a trade-off, in the sense that there is a fundamental rule that a certain amount of energy is captured from the sun by plants through photosynthesis and that energy can either go into our mouths—efficient agriculture—or can be available to the rest of nature. You cannot have it both ways; there is a choice.

Michael Gove: Yes, but there has to be a balance.

Lord Krebs: Do you want to shift the balance to more going into our mouths and less into nature, or the other way round?

Michael Gove: If we are talking about energy overall, without wanting to go into the seminar room, throughout mankind's history we have been trying to ensure that we can use energy and natural resources more efficiently than ever before. If you think of all the energy that comes from the sun, we are using it more efficiently now than they used it at the time of the pharaohs.

Lord Krebs: But at great cost to the rest of nature.

Michael Gove: One of the interesting things is that you can have environmental enhancement through the more efficient generation of energy. One of the things that has been particularly encouraging in the job I have been doing is the support of Professor Dieter Helm. Last week, in his report on energy, Dieter made the case admirably that there is more we can do to be efficient in the way we allocate and think about

energy. At the same time, not without some controversy in the eyes of some, Dieter has been very thoughtful about how we can, through natural capital accounting, get a more sensitive approach to the environment as well.

The Chairman: We have dealt with energy and Dieter Helm. Carbon tariffs would be something in which the WTO might be interested, but otherwise I agree entirely.

Q7 **Viscount Ullswater:** Secretary of State, I would like to turn your attention to access to labour. I would be interested to know what assessment has been made by your department of the UK's dependence on agricultural workers from the EU, and the impact on the sector and food prices if it was to lose, say, 20%, 40% or 60% of that workforce. It is a slightly long question, but I will go on. What work have you and your department done to ensure that the skills of those workers will be recognised when the UK's post-Brexit immigration policy is formulated? More importantly, we heard that over 90% of OVs are non-EU citizens. Can you tell us what is being done to ensure that the industry is able to retain its Official Veterinarians post Brexit?

Michael Gove: Working backwards, I have raised twice in Cabinet, when people were discussing migration, the fact that 90% of vets in public health are from other EU countries. As an example of how important it is, the Prime Minister has been keen to stress from the very beginning that the vote to leave the European Union is not a vote to leave Europe, and we want EU citizens to remain here. Their presence is hugely valued; their contribution to the life of our country and to our economy is integral, so we want in the future to be able to provide people who are currently here as EU citizens with a guarantee that they can continue to work and make their lives here.

Moving to agricultural production overall, there are at least two different groups—there are many different groups. On the one hand, there are people who have come from the EU already and are now here year round, perhaps not intending to settle permanently but certainly making their lives here at the moment in everything from farm management to animal husbandry and so on. As with the OVs, it would be our determined intention to make sure that people feel they can stay here. I think that message has been heard and received, but there is a particular challenge in some sectors as a result of seasonal working. For growers in particular, there is a particular challenge. It used to be the case that they would get seasonal workers from Poland and the Baltic states. Those numbers diminished. Then there were more from Romania and Bulgaria. Now there is a challenge, as those countries become more economically successful and the devaluation of the pound means that the amount people earn is worth slightly less at home.

The case has been put by the NFU and others for the resumption of the seasonal agricultural workers scheme, which, as you know, operated in this country from the end of the Second World War right up until the

coalition Government. We are looking very closely at that case, but I cannot say more at this stage.

The Chairman: Secretary of State, I think we got the timing slightly wrong. I understand you have to leave fairly soon.

Michael Gove: Ideally, but I know this is an important question.

The Chairman: We will concentrate on keeping it fairly short.

Michael Gove: I will have to go shortly, but because your deliberations are important, I would be more than happy to come back whenever suits you to deal with any particular issues you would like to return to.

The Chairman: We appreciate that.

Q8 **Lord Rooker:** I understand the pressures, Secretary of State. You have made my task a lot easier because of your original answers to Baroness Sheehan in respect of governance. Can I say at the outset that I do not speak for the green lobby, but, like a lot of people, I have attended dozens of meetings here and party conferences and whatever, and the general consensus is that there has been a massive amount of extra access under your watch compared with your predecessors, for which they are grateful. It shows in what you said about governance.

When Professor Macrory was giving evidence to us on another inquiry, it dawned on us that, in losing the Commission, we lose the means by which the Government could be held to account, in a way that the Supreme Court, Parliament and the ballot box cannot do. My only declaration of interest is two spells in your department where we used the threat of infraction to say to the Treasury, "We have to follow this policy; otherwise, we will waste money on fines".

What I want to ask about is very serious. Environment policy has basically been driven by the EU. There have been 34 cases where DG Environment has taken the UK Government, under both parties, to court, and it won 30 of them. The Government by definition opposed what it was doing; in other words, we had to be forced to operate environmental policies under threat of legal action. That will be removed following Brexit. Leaving the ECJ and the Commission leaves a gaping hole in the Government's arrangements. They have served this country well for water and a whole range of issues. Your answers this morning have been much more positive than others I have heard. We have been given answers to the effect that it will be okay because of parliamentary accountability and the ballot box. I want you to say that that is not good enough, and to repeat and strengthen the answers you gave in response to Baroness Sheehan this morning. I think everyone would be very grateful for that.

Michael Gove: I completely agree with everything you say.

Lord Rooker: I rest my case. You have been very successful, and we have every right to be very grateful to you.

The Chairman: We appreciate straightforward answers, Secretary of State, which have not always been forthcoming from some, not all, Ministers who have come before us.

Q9 **Baroness Wilcox:** It is thought that we will be leaving the Common Fisheries Policy at the end of March 2019. Secretary of State, what is the nature of the relationship you would like to see between the UK and the European Union for fisheries post Brexit, and what will the day after Brexit look like in our Exclusive Economic Zone?

Michael Gove: It will probably not change dramatically the day after Brexit. Even though the legal position will have changed, my understanding is that at the December Fisheries Council in 2018 we will still be part of the CFP, and we will have negotiated access to UK waters as part of that deal. My understanding is that we will leave in March 2019, but it would be logical to allow what has been concluded—we would have to agree to it in the Fisheries Council in December 2018—to guide things over the course of that year. That is my working assumption.

In the future, we would want to say, “We believe that throughout the period of the CFP there has, effectively, been overfishing. The situation has improved, but we are still fishing more than science would dictate. We want the science to determine what is going to happen in our waters in the future. That is in the interests of everyone, and then we are going to negotiate with you, Norway, Iceland, the Faroes and others, as the champion of green conservation and science-based decision making”.

Baroness Wilcox: It is believed that you are in favour of leaving the Common Fisheries Policy immediately after Brexit. Are you still tempted by that?

Michael Gove: I absolutely believe that we should. It is a matter of international law. I recognise that some people—no one around here, but some outside—believe that leaving the Common Fisheries Policy means we will never have a boat from another country entering our territorial waters. It is important to stress that taking back control does not mean denying people access; it just means that we are in a different and stronger position.

Baroness Wilcox: I should have said earlier that I have an interest in the West Country inshore fleet and the National Lobster Hatchery in Padstow.

Lord Selkirk of Douglas: Fishermen in particular wish to know that their interests will not be marginalised.

Michael Gove: I am determined to do everything I can to get the best possible deal for fisheries and coastal communities. I mentioned that I try to look at these things as much as possible on the basis of evidence, but emotion sometimes comes in. My father and my grandfather were fish merchants, my grandfather on the other side was in the Navy and my great-grandfather was a fisherman. For those reasons, I feel, I hope as powerfully as anyone, the importance of getting this right.

Viscount Hanworth: Facts of geography mean that we have a vastly disproportionate EEZ when compared with the EEZs of other European fishing nations. I put it to you that to assert our fishing rights over the entire EEZ in the way you propose is bound to cause a great deal of anguish among other European Union nations that have hitherto had rights of access.

Michael Gove: I do not think it will necessarily cause anguish. We can negotiate access for other countries to our waters, but it is important that we as a sovereign nation and an independent coastal state do so on our terms, with conservation being key. The British people having voted to leave, it is critically important that we recognise that one of the factors in voting to leave was a desire to leave the Common Fisheries Policy. UK citizens have to see that ambition and decision honoured vigorously.

Viscount Hanworth: Indeed, but do you not think that the fact that we are claiming, or seem to be claiming, the entirety of our EEZ will cause a great deal of dissension? If you look at the map, you find that some of the major fishing nations of the European Union have minimal EEZs. Therefore, we are throwing down the gauntlet in a way that is probably not appropriate; we should be much more emollient and accommodating.

Michael Gove: I am all in favour of emollience.

Viscount Hanworth: You do not seem to be.

Michael Gove: But as a matter of international law, as an independent coastal state, that is our EEZ, and it is the case that the Faroes, Iceland and Norway, because of the nature of their geography, have that advantage too.

Viscount Hanworth: Sometimes the law is an ass, and in this particular case, would you agree that it is not appropriate to assert the EEZ in respect of fishing?

Michael Gove: No. It is part of the Ministerial Code that we have to respect international law, and in this case it is both a duty and a pleasure.

Lord Rooker: It is our USP—to go back to the Swiss guy. The size of our EEZ is our unique selling point, and we have to use it.

Q10 **The Chairman:** I do not think we will bring Switzerland into the fisheries discussion. It would be inappropriate. That was around energy.

Secretary of State, one of the items that has come up in all Brexit discussions is Ireland. In the agricultural area, the relationship between our two countries is extremely important. Are you in regular contact with your equivalent Minister in the Republic?

Michael Gove: Yes. I am going to Dublin on 20 November to see both the Irish Environment Minister and the Irish Agriculture Minister. We have talked in the past. I am also in regular contact with the EU Commissioner for Agriculture, Phil Hogan, who is widely respected across Europe,

particularly in Ireland. I have made three visits to Northern Ireland to talk to environmental, agricultural and fisheries folk there.

The Chairman: Secretary of State, thank you very much indeed. I apologise that we have gone rather over the time you were expecting, due to our not getting it quite right. We very much appreciate your participation.