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European Union Committee

14th Report of Session 2017–19

Brexit: food prices and availability

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The European Union Committee

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Evidence is published online at <http://www.parliament.uk/brexit-food-security> and available for inspection at the Parliamentary Archives (020 7129 3074).

Q in footnotes refers to a question in oral evidence.

SUMMARY

Half the UK's food is imported: 30% comes from the EU, and another 11% comes from non-EU countries under the terms of trade deals negotiated by the EU. Being part of the EU customs union has meant food from the EU can be imported with no tariffs or customs barriers but, as part of leaving the EU, the Government has stated that the UK will be leaving the customs union. At the time of writing, it is not yet certain what trade agreement might be reached between the UK and the EU, either for a transition period or for the longer term. But it is inconceivable that Brexit will have no impact on EU food imports to the UK.

If an agreement cannot be negotiated, Brexit is likely to result in an average tariff on food imports of 22%. While this would not equate to a 22% increase in food prices for consumers, there can be no doubt that prices paid at the checkout would rise. To counteract this the Government could cut tariffs on all food imports, EU and non-EU, but this would pose a serious risk of undermining UK food producers who could not compete on price.

At least as significant as tariffs are the non-tariff barriers that may result from Brexit. The Government remains confident that it can secure an agreement that would allow 'frictionless' imports of food from the EU to continue, but it is unclear how that would be possible outside of the customs union. Any such agreement would be likely to require the UK to mirror all EU standards and regulations; a condition the UK Government may find politically difficult to accept. If no agreement is reached, and food imports from the EU are subject to the same customs and border checks as non-EU imports, the UK does not have the staff, IT systems or physical infrastructure to meet that increased demand. Any resulting delays could choke the UK's ports and threaten the availability of some food products for UK consumers. The Government's proposed alternative is to allow EU imports through with no, or very few, checks: this raises safety concerns as well as questions over how customs charges would be processed.

As well as securing a deal with the EU that will allow continued tariff-free, frictionless imports of food, the Government must also secure agreements with the non-EU countries from which the UK currently imports food as part of EU trade agreements. 40 such agreements are currently in place, covering 56 countries and accounting for more than 11% of UK food imports. The Government's belief that most can be simply and easily 'rolled over' is not shared by those who have given evidence to previous EU Committee inquiries.

This contrast between Government confidence and industry concerns is striking, and reflects the tone of the evidence to this inquiry more broadly. The Government may not be worried about the potential for Brexit to impact on the price and availability of food, but the representatives of the food and farming industry, importers, port authorities and consumer organisations were vocal in their concerns.

EU food imports cannot easily be replaced by either producing more in the UK or importing more from non-EU countries. UK self-sufficiency has been declining for the past 30 years, and reversing that would require financial incentives, investment in new technology and skills, and continued access to the EU workforce (at least in the short term). It would also take time and, given the restrictions of landscape and climate, there are some foods that could not

be grown here. We heard no evidence that non-EU imports could increase significantly; 20% of the UK's food already comes from outside the EU and there do not seem to be many other likely sources of supply.

A study by the Food Standards Agency found that one in five households are already experiencing, or are on the margins of, food insecurity.¹ Any increase in food prices as a result of Brexit will add to this insecurity. We also heard concerns from witnesses about the impact on nutrition: with 40% of vegetables and 37% of fruit sold in the UK coming from the EU, these types of food may be particularly affected by Brexit. The Government's stated post-Brexit objectives, both that UK food and farming should be exemplars of high-quality production and that the UK's trade strategy should seek lower prices for consumers, risk exacerbating existing differences in food consumption. Those who can afford it will be able to buy high-quality local produce. Those who cannot afford that option may well base their diets on cheaper, imported food, that witnesses were concerned could be produced to lower standards to keep costs down.

The Government should develop a comprehensive food security policy for the UK. A long-term view is needed on whether to prioritise food standards or food prices, whether to reverse the UK's declining self-sufficiency or increase imports. Other factors should include workforce shortages, priorities for investment, and bigger, global issues such as the impact of climate change on food production worldwide. This would be needed regardless of Brexit, but we urge the Government to use the challenges and opportunities that leaving the EU will pose to the UK's food supply as a spur to develop its strategy as a matter of priority.

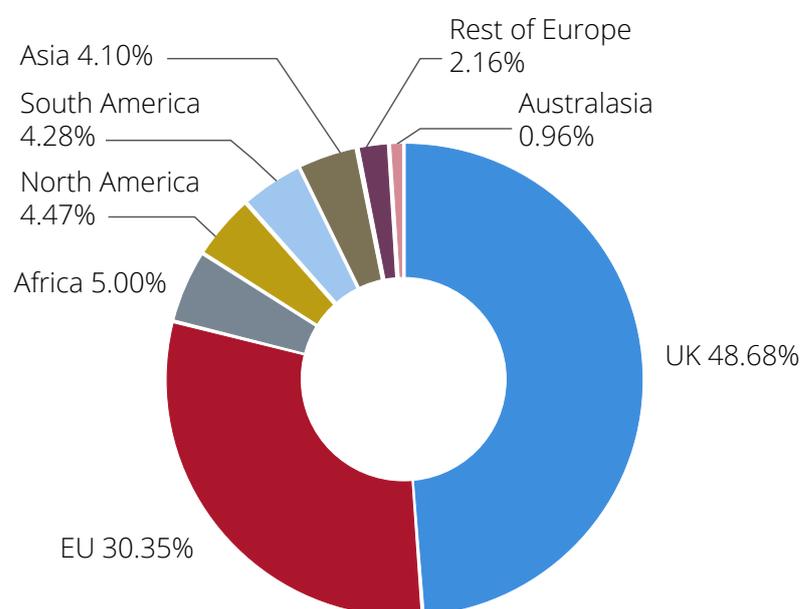
1 As measured by the responses to a series of questions about behaviours and experiences associated with difficulty in meeting food needs. For full details, please see Food Standards Agency, *The Food and You Survey Wave 4* (2017), p 26: <https://www.food.gov.uk/sites/default/files/food-and-you-w4-combined-report.pdf> [accessed 20 April 2018]

Brexit: food prices and availability

CHAPTER 1: INTRODUCTION

1. 30% of the food we eat in the UK comes from the EU, and another 20% comes from non-EU countries (see Figure 1). With half of the UK's food being imported, any change to its trading arrangements could affect its food supply. At the time of writing, trade agreements for when the UK leaves the EU (or for any transition period) have yet to be agreed, but Brexit will inevitably change the UK's trading relationships both with the EU and with non-EU countries.

Figure 1: Origins of food consumed in the UK in 2016



Source: Department for Environment, Food and Rural Affairs, *Agriculture in the United Kingdom data sets*, Chapter 14 - the food chain, Table 14.3 (2017): <https://www.gov.uk/government/statistical-data-sets/agriculture-in-the-united-kingdom> [accessed 9 April 2018]

2. We all need access to nutritious and affordable food. Most of us shop for food at least once a week. If Brexit were to affect the price or availability of food, it would be felt by the whole population very quickly.
3. In this report, we explore if and how Brexit might affect the price and availability of food for UK consumers. We focus on food bought in shops and markets, although we recognise that some of the same impacts would also apply to food eaten in cafes and restaurants, or bought from takeaways.
4. The EU Energy and Environment Sub-Committee, whose members are listed in Appendix 1, met in February 2018 to take evidence for this inquiry. We are grateful to those who gave oral evidence and to those who responded to our targeted request for written contributions, all of whom are listed in Appendix 2.
5. **We make this report to the House for debate.**

CHAPTER 2: TARIFFS

What are tariffs and why might they apply post-Brexit?

6. As explained in the EU Committee's March 2017 report *Brexit: trade in goods*, tariffs are "a state levy imposed on goods crossing from one customs territory to another ... usually expressed as a percentage of the value of the product".²
7. Within the EU, the Single Market and customs union provide for the free movement of goods. This means that there are currently no tariffs on food imported into the UK from other EU countries. When the UK leaves the EU this could change.
8. The existence of tariffs post-Brexit, and the level they are set at, will depend on any agreement on future relations, including trade, that the UK reaches with the EU. The European Commission's draft withdrawal Agreement, published on 15 March 2018, includes provisions that would allow for tariff-free imports of food to continue until the end of the transition period (which as currently agreed in principle will end on 31 December 2020).³ The Government has made clear, including in its evidence to this Committee,⁴ that it is seeking a free trade agreement (FTA) with the EU, which could result in a continuation of the no-tariff status quo at the end of this period. This is supported by the draft guidelines on the framework for a future relationship published by the European Council on 7 March 2018, which state that the Council will work towards a FTA with the UK that includes zero tariffs on trade in goods.⁵
9. If a FTA is not in place by December 2020, however, or if an agreement on the conditions of a transition period cannot be reached, then UK-EU trade would take place under the default framework governed by the World Trade Organization (WTO).⁶ This would oblige the UK to treat imports from the EU in the same way as imports from any other country,⁷ including imposing the same tariffs on food imported from the EU as from outside the EU.
10. The UK does not currently have its own tariff schedule (see Box 1). Giving evidence to the EU Internal Market and External Affairs Sub-Committees on 13 October 2016, the Minister of State for Trade Policy, Lord Price, said that "the simplest thing would be to adopt the current tariffs that we have with the EU"⁸—that is, the EU schedule agreed at the WTO for tariffs on non-EU imports (known as the EU most-favoured-nation (MFN) tariff).

2 European Union Committee, *Brexit: trade in goods* (16th Report, Session 2016–17, HL Paper 129), p 29

3 Articles 43 and 121, 15 March 2018, Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, [TF50 \(2018\) 33/2](#)

4 [Q 12](#)

5 Council of the European Union, *European Council (Art. 50) (23 March 2018) - Draft guidelines* (7 March 2018): <https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/European-council-Art.50-23-March-2018-Draft-Guidelines-1.pdf> [accessed 18 March 2018]

6 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72)

7 For a more detailed explanation see European Union Committee, *Brexit: trade in goods* (16th Report, Session 2016–17, HL Paper 129)

8 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72), p 56

Box 1: Tariffs and the World Trade Organization (WTO)

The WTO was founded in 1995 to provide a global framework for trade. It currently has 164 members, accounting for 95% of world trade.⁹

WTO negotiations produce general rules that apply to all Members, and specific commitments made by individual Member governments which are listed in ‘schedules of concessions’.¹⁰ Schedules include the maximum tariff levels that will be imposed on a particular product, as well as tariff rate quotas (which allow for a product to be imported at a lower tariff, up to a set quota), limits on export subsidies and some kinds of domestic support.¹¹ The EU has a single Schedule for all its Member States.

One of the key principles that all WTO members sign up to is that countries should not discriminate between trading partners.¹² This principle is known as most-favoured-nation (MFN) treatment and means that if a country decides, for example, to lower a tariff for one country it must do so for all WTO members.¹³ Some exceptions are allowed: countries can negotiate free trade agreements, for example, which might give preferential access to a country or group of countries with whom the agreement is negotiated.¹⁴

What might tariffs mean for the price and availability of food?

EU MFN tariffs

11. The average EU MFN tariff on food is approximately 22%.¹⁵ There is significant variation, however, depending on the type of food. Data provided by the UK Trade Policy Observatory show the average tariff for whole milk is 70%, but for low-fat milk it is 36%; beef is subject to a 56% average tariff, but the tariff on poultry is 14%.¹⁶
12. Witnesses to this inquiry were keen to stress that the imposition of a 22% tariff on imports from the EU did not automatically equate to a 22% increase in the price of food paid by consumers, as food prices are affected by a wide range of variables. Andrew Opie, Director of Food and Sustainability at the British Retail Consortium (BRC), for example, told us: “It is too simple to say that there is a tariff and therefore the food price will go up ... the biggest influence on increasing food prices in the last 18 months was the currency devaluation ... There are lots of other factors.”¹⁷
13. A number of organisations have, however, modelled what the impact of tariffs on food prices might be. Mr Opie told us that the BRC had calculated the likely increase in retail price attributable solely to tariffs was 5–29% for beef, 6–32% for cheddar cheese, 9–18% for tomatoes and 5–10% for broccoli.¹⁸ The BRC explained: “The reason for the range is we do not know how

9 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72)

10 World Trade Organization, ‘Members’ commitments’: https://www.wto.org/english/tratop_e/schedules_e/goods_schedules_e.htm [accessed 29 March 2018]

11 *Ibid.*

12 World Trade Organization, ‘Principles of the trading system’: https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm [accessed 29 March 2018]

13 *Ibid.*

14 *Ibid.*

15 Written evidence from the UK Trade Policy Observatory ([BFS0009](#))

16 *Ibid.*

17 [Q 3](#)

18 *Ibid.*

domestic producers would react to price increases ... would they raise their prices or would they put more of their own product on the UK market if they face tariffs to export to the EU”.¹⁹

14. The UK Trade Policy Observatory’s modelling predicts price increases of 5.8% for meat, 8.1% for dairy products, 4% for vegetables, 3.1% for fruit, 1.8% for bread and cereals and 1.5% for fish.²⁰ Dairy UK, in evidence to the EU Select Committee’s inquiry into ‘Brexit: deal or no deal’, stated their modelling showed “a WTO schedule would push up the wholesale price of cheese by one third with retail prices rising by 20%”.²¹
15. Professor Tim Benton, Dean of Strategic Research Initiatives at the University of Leeds and Distinguished Visiting Fellow at Chatham House, summarised the evidence heard by the Committee as follows: “If we put tariffs on European produce, we will pay more for European produce”.²²
16. George Eustice MP, Minister of State at the Department for Environment, Food and Rural Affairs (Defra), reiterated that the Government’s ambition was for a free trade agreement with the EU. Even if the UK were to trade under MFN rules, the Minister argued that “the impact on food prices is quite marginal”.²³ He noted that “in a typical year food prices will go up or down by between 5% and 10%” due to fluctuations in energy prices, fuel costs and other factors.²⁴
17. Witnesses to this inquiry, however, were clear that they did not want to see tariffs on EU food imports. The BRC, for example, stated: “In terms of Government action, it is essential we agree a tariff free deal on trade with the EU”.²⁵ The National Pig Association wrote: “Tariff-free trade must be prioritized by the Government in its negotiations with the EU”.²⁶ Which?, the National Farmers’ Union (NFU) and the Food and Drink Federation also shared this view.²⁷
18. **The Government hopes to negotiate a free trade agreement that would allow tariff-free imports of food from the EU to continue. If an agreement cannot be reached, however, the default position would be for World Trade Organization tariffs to apply.**
19. **While estimates vary, if tariffs were imposed based on EU most-favoured-nation rates it seems highly probable that food prices for UK consumers would rise.**
20. **We acknowledge the Minister’s argument that food prices are affected by a wide range of factors, and fluctuate frequently. But all this means is that price rises resulting from tariffs would be on top of increases that would have occurred anyway. We do not share the Minister’s view that these levels of price increases would be marginal for UK food consumers.**

19 Written evidence from the British Retail Consortium ([BFS0007](#))

20 Written evidence from the UK Trade Policy Observatory ([BFS0009](#))

21 Written evidence submitted to the EU Select Committee, inquiry on Brexit: deal or no deal (Session 2017–19), Dairy UK ([DND0031](#))

22 [Q 3](#)

23 [Q 12](#)

24 [Q 13](#)

25 Written evidence from the British Retail Consortium ([BFS0007](#))

26 Written evidence from the National Pig Association ([BFS0008](#))

27 Written evidence from Which? ([BFS0013](#)), the National Farmers’ Union ([BFS0010](#)) and the Food and Drink Federation ([BFS0006](#))

21. **A number of witnesses to this inquiry stressed the importance of maintaining tariff-free trade with the EU. Given the potential impact of tariffs on food imports for consumers, we endorse their view.**

Unilateral removal of tariffs

22. If the UK Government is unable to agree a FTA with the EU, it could choose to mitigate the impact of MFN tariffs on prices by lowering or removing tariffs from food imports. A WTO tariff schedule sets the maximum tariff that can be applied, but a country can choose to lower a tariff—as long as it does so for all WTO members. This could offer another mechanism to maintain the status quo of tariff-free imports of food from the EU, but would come with the additional obligation of allowing tariff-free access to all WTO members (not just EU Member States); without a FTA, the UK Government cannot waive tariffs on EU food imports alone.
23. The implications of this are discussed further in Chapter 5, where we consider the potential effects of importing more food from non-EU countries.

Existing trade agreements with non-EU countries

24. As an EU Member State the UK currently benefits from a variety of preferential trade agreements with non-EU countries, which have been negotiated by the EU. Agreements vary, but typically include tariffs being reduced or removed, and/or mutual recognition of regulatory standards, resulting in fewer non-tariff trade barriers.
25. Deborah Hankins, Deputy Director of Food Chain Policy at Defra, told us that there were “40 EU international trade agreements that cover 56 countries”.²⁸ The Food and Drink Federation (FDF) calculated that UK imports via these agreements made up “more than 11 per cent of all UK food and drink imports in 2017”.²⁹ The FDF argued that the “Government will need to secure an agreement with each third country”, as “loss of preferential access to these markets ... threaten[s] our ability to import ingredients and raw materials that complement our use of UK produce to deliver affordability, availability, and choice of food for UK consumers”.³⁰
26. The Minister told us that the Government was working “to ensure that the various equivalency agreements and existing free trade agreements continue to apply to the UK after we have left the European Union”.³¹ He said that, in most cases, it should be possible “to simply roll those agreements over and for them to continue to apply to the UK”.³²
27. The EU Committee’s 2016 report on *Brexit: the options for trade*, however, concluded that it was unlikely that the UK would be able to retain access to these FTAs. Witnesses to that inquiry explained that the language of the agreements made clear that they only applied to EU Member States and that if the UK were to attempt to become an individual signatory, the other countries involved could use it as an opportunity to attempt to negotiate more favourable terms.³³

28 [Q 22](#)

29 Written evidence from the Food and Drink Federation ([BFS0006](#))

30 *Ibid.*

31 [Q 22](#)

32 *Ibid.*

33 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72)

28. The status of these FTAs during any transition period is currently unclear. The EU Commission’s draft withdrawal Agreement states that “the United Kingdom shall be bound by the obligations stemming from the international agreements concluded by the Union”³⁴ during the transition period, and that the “Union will notify the other parties to these agreements that during the transition period, the United Kingdom is to be treated as a Member State for the purposes of these agreements”;³⁵ but it is not guaranteed that the third countries with whom the EU has agreed these FTAs will agree to this interpretation.³⁶

Tariff rate quotas

29. Some EU trade agreements also include arrangements for tariff rate quotas (TRQs). As explained in our report *Brexit: agriculture*, these provide alternative arrangements for products that would normally incur a high tariff.³⁷ A TRQ allows for a product to be imported at low or no tariff up to a certain limit, and then the higher tariff applies. There is, for example, a TRQ that allows for over 280,000 tonnes of lamb to be imported to the EU duty free from countries including New Zealand and Argentina.³⁸
30. Post-Brexit, the UK’s share of TRQs will need to be disaggregated from the EU’s. The current position on this has been set out by the House of Commons’ International Trade Committee:
- “The UK and EU have reached an agreement on an approach for sharing out the TRQs—splitting the existing quotas by reference to three years of data on quota consumption. However, several major agricultural exporters (namely Canada, the USA, Argentina, Brazil, New Zealand, Thailand and Uruguay) have objected to this”.³⁹
31. The Minister reaffirmed the Government’s belief “that the sensible approach is to adopt a principle of technical rectification on these issues ... Let us look at historic use of the TRQs and then split them accordingly”.⁴⁰ He also suggested, however, that it would not be “essential to have unanimous agreement at the WTO for the approach that we are adopting”, since countries commonly worked to proposed TRQs, and then “maybe after a decade or so it gets formalised and certified properly”.⁴¹
32. The Minister’s view that separating out the UK’s TRQs is a “technical rectification” is not universally shared. Rectification is a process that allows WTO schedules to be amended when the change does not alter the scope of a concession; a substantive change, however, is considered a modification

34 See Article 124, 15 March 2018, [Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community](#)

35 Footnote to Article 124, 19 March 2018, Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, [TF50 \(2018\) 35](#) [accessed 29 March 2018]

36 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72)

37 European Union Committee, *Brexit: agriculture* (20th Report, Session 2016–17, HL Paper 169)

38 Written evidence submitted to the EU External Affairs Sub-Committee and the EU Internal Market Sub-Committee, joint inquiry on Brexit: the options for trade (Session 2016–17), Peter Ungphakorn ([ETG0005](#))

39 House of Commons International Trade Committee, *Continuing application of EU trade agreements after Brexit* (First Report, Session 2017–19, HC 520)

40 [Q 13](#)

41 *Ibid.*

and is subject to lengthier negotiations.⁴² Evidence to previous inquiries has suggested that separating the UK's TRQs could be viewed as a modification of the EU's schedules.⁴³

33. **Agreements negotiated by the EU have allowed the UK to benefit from low-tariff or tariff-free imports of food from non-EU countries.**
34. **The UK Government is confident that the majority of these agreements can be easily 'rolled over' and the status quo maintained. This is not, however, a guaranteed outcome, either during any transition period or afterwards. If current arrangements are not maintained, it is likely that the sudden imposition of tariffs and loss of tariff rate quotas would affect the price and availability of food for UK consumers.**
35. **The Government should urgently seek agreement from the relevant third countries that existing FTAs will continue to be honoured during the transition period. Determining which might continue to apply post-December 2020 (or post-March 2019 if no transition arrangement is agreed) and which will need to be renegotiated will then become the priority.**

42 European Union Committee, *Brexit: the options for trade* (5th Report, Session 2016–17, HL Paper 72)

43 Written evidence submitted to the EU External Affairs Sub-Committee and the EU Internal Market Sub-Committee, joint inquiry on Brexit: the options for trade (Session 2016–17), Peter Ungphakorn ([ETG0005](#))

CHAPTER 3: NON-TARIFF BARRIERS

What are non-tariff barriers and why might they apply post-Brexit?

36. Tariffs are only one potential barrier to trade. Non-tariff barriers include requirements for goods to be inspected, for them to be labelled in a certain way and for them to meet certain standards, as well as documentation requirements.
37. UK membership of the EU Single Market and customs union means that food imported from the EU to the UK is not currently subject to non-tariff barriers.⁴⁴ The EU Commission's draft withdrawal Agreement, if agreed, would allow for the current customs arrangements for food imported from the EU to remain in place until the end of the transition period (31 December 2020).⁴⁵ After this time (or from March 2019 if transition arrangements are not agreed) non-tariff barriers will be determined by any agreement reached between the UK and the EU.
38. The Minister, George Eustice MP, told us that the Government hoped to secure a "comprehensive customs agreement" post-Brexit:
- "It is possible to establish principles around mutual recognition that mean we can understand that, while our regulations may not be identical in certain areas, they are definitely equivalent and therefore, on a risk-based approach to border inspection, there is no need for us to inspect one another's products as they cross the border".⁴⁶
39. The European Council draft guidelines on the framework for the future relationship with the UK, published on 7 March 2018, state that the Council will work towards an agreement including "appropriate customs cooperation" and "disciplines on technical barriers to trade (TBT) and sanitary and phytosanitary standards (SPS) as well as a framework for voluntary regulatory cooperation".⁴⁷ The extent of the cooperation, and the nature of the disciplines, that are agreed during the negotiation will determine the extent of future non-tariff barriers. In a statement issued alongside the draft guidelines, Council President Donald Tusk said: "Our agreement will not make trade between the UK and the EU frictionless or smoother. It will make it more complicated and costly than today, for all of us. This is the essence of Brexit".⁴⁸
40. If no agreement is reached, the UK Government will need to decide what customs and border arrangements to put in place on food imported from the EU. These would need to comply with WTO requirements, including applying 'rules of origin' (see Box 2).

44 Article 30 of the [Treaty on the Functioning of the European Union \(TFEU\)](#) states that customs duties on imports and exports and charges having equivalent effect are prohibited between Member States. Articles 34–36 of the TFEU prohibit "quantitative restrictions" and measures with equivalent effect with regard to the free movement of goods between Member States.

45 Article 43, 15 March 2018, [Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community Q 14](#)

46 Council of the European Union, *European Council (Art. 50) (23 March 2018) - Draft guidelines* (7 March 2018): <https://g8fip1kplyr33r3krz5b97d1-wpengine.netdna-ssl.com/wp-content/uploads/2018/03/European-council-Art.50-23-March-2018-Draft-Guidelines-1.pdf> [accessed 18 March 2018]

48 President Donald Tusk, Statement on the draft guidelines on the framework for the future relationship with the UK, 7 March 2018: <http://www.consilium.europa.eu/en/press/press-releases/2018/03/07/statement-by-president-donald-tusk-on-the-draft-guidelines-on-the-framework-for-the-future-relationship-with-the-uk/> [accessed 18 March 2018]

Box 2: Rules of origin

Rules of origin are criteria to define where a product was made, and thereby ensure that the correct tariffs and other regulations are applied. The WTO Rules of Origin Agreement requires that these rules are administered in a consistent and impartial manner although, as with tariffs, countries can adopt different rules where trade preference agreements, such as a customs union, are in place.⁴⁹ WTO members must notify the Secretariat of what their rules are; as a member of the EU, the UK currently applies the EU rules of origin.⁵⁰ Importers present proof of origin to the customs authority, in line with that country's rules. This issue is explored in more detail in the EU Committee's report *Brexit: trade in goods*.⁵¹ There are no origin requirements for trade within the EU, but when the UK leaves the customs union, producers will need to meet whatever origin regime is put in place. This will apply even if a trade agreement is reached, as producers will need to demonstrate their product is eligible for preferential trade terms. Rules of origin can be problematic for products that have inputs from different countries; depending on the approach taken to origin requirements products could be excluded from the benefits of any free trade agreement negotiated. The Food and Drink Federation gave the example of a frozen pizza made in the Republic of Ireland, but with flour milled in the UK from grains bought from Canadian, US and UK growers. Failing to meet origin requirements would mean the flour would be subject to EU MFN tariffs when imported from the UK; the pizza would then also be subject to tariffs if exported for sale to the UK.⁵²

41. There will also be additional checks on food from non-EU countries imported via the EU. Which? explained: "At the moment these checks may take place in another EU port, as the first point of entry into the EU." Once the UK has left the EU, the UK will become responsible for ensuring food imports meet the required standard.⁵³

What might non-tariff barriers mean for the price and availability of food?

Delays

42. Witnesses were concerned about the time that additional checks on food imports would take. The British Retail Consortium, for example, told us:

"Currently due to frictionless borders, even the most perishable products such as soft fruit can be transported from Spain but still have 5 days shelf life in store or fresh beef can be transported from Ireland, minced and still have up to 10 days shelf life. Delays due to border controls will reduce the life of products in the home, driving up food waste or, in the worst cases meaning it is unproductive to put it into store. We know where SPS [Sanitary and Phytosanitary] checks are applied to products from outside the EU such as processed meat coming into the UK that additional checks can take up to 2 days which is not feasible for a fresh supply chain".⁵⁴

49 World Trade Organization, 'Non-tariff barriers: red tape, etc': https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm9_e.htm [accessed 29 March 2018]

50 *Ibid.*

51 European Union Committee, *Brexit: trade in goods* (16th Report, Session 2016–17, HL Paper 129)

52 Food and Drink Federation, *Rules of origin in an EU-UK FTA: A 'hidden hard Brexit' for food and drink exporters?* (2018), p 18: https://www.fdf.org.uk/corporate_pubs/FDF-Rules-of-origin-report.pdf [accessed 18 April 2018]

53 Written evidence from Which? ([BFS0013](#))

54 Written evidence from the British Retail Consortium ([BFS0007](#))

43. The City of London Corporation are responsible for all port health functions on the Thames, including London City Airport, London Gateway, Tilbury, Thamesport and Sheerness. They stated: “Should the UK undertake veterinary checks in the same way on EU products as it does for current third countries, there could be considerable delays at borders”.⁵⁵
44. A report produced by KPMG for the Dutch Government highlighted the knock-on effect of delays: “UK retailers apply strict delivery time slots. If a shipment arrives late at the retailer, it cannot be unloaded on the same day and unloading will be delayed by a day or more”.⁵⁶
45. Walter Anzer, Director General of the British Food Importers & Distributors Association, told us: “If we have lengthy delays in ports, shippers will simply decide to drop goods off in Rotterdam. They go to Rotterdam, to Felixstowe and on to Hamburg ... If they get long delays, they just will not call at UK ports”.⁵⁷

Costs

46. As well as causing delays and shortening the shelf-life of products, non-tariff barriers are an additional cost for businesses. The KPMG report, for example, calculated that “one day of delay for a lorry will easily cost a business EUR 600 to EUR 1,000”.⁵⁸ It also stated that delays would mean that “businesses will have to make more frequent use of ‘last minute’ carriers charging premium rates”, and that this could add 20–25% to transport costs.⁵⁹ Professor Tim Benton gave further examples of additional costs: “A container inspection costs £700; £80 per day would be the impound cost; and there will be the cost of the testing fees. For each additional container that might be inspected, you are talking about £1,500 to £2,000”.⁶⁰
47. Modelling by the UK Trade Policy Observatory found that even if the UK Government negotiated a free trade deal with the EU to keep tariffs at zero and minimise non-tariff barriers, the cost of border inspections and some low-level non-tariff barriers would see food prices rise by 3.8%.⁶¹ The predicted increase varies depending on the type of food: bread and cereals were expected to increase in price by 1.4%, meat by 3.3%, fish by 1.8%, dairy products by 4.3%, fruit by 5.1% and vegetables by 4.8%.

Capacity

48. The Freight Transport Association highlighted the issue of capacity at UK borders:
- “UK ports and borders (inc. Irish land border) are not designed to hold these checks or the number of vehicles. The lack of adequate infrastructure as well as a possible lack of personnel and capacity in existing inspection facilities could create significant disruptions and paralyse trade ... with the impacts of missed deliveries and the spoiling of perishable loads likely to be felt in a matter of days or hours”.⁶²

55 Written evidence from the City of London Corporation ([BFS0005](#))

56 KPMG, *Impact of non-tariff barriers as a result of Brexit* (January 2018), p 53: <https://assets.kpmg.com/content/dam/kpmg/nl/pdf/2018/sector/overheid/impact-of-non-tariff-barriers-as-a-result-of-brex-it.pdf> [accessed 8 March 2018]

57 [Q 2](#)

58 KPMG, *Impact of non-tariff barriers as a result of Brexit*, p 42

59 *Ibid.*, p 45

60 [Q 5](#)

61 Written evidence from the UK Trade Policy Observatory ([BFS0009](#))

62 Written evidence from the Freight Transport Association ([BFS0012](#))

49. This point was echoed by Andrew Opie from the BRC:

“The ports, where the majority of fresh, perishable food is imported, do not have the facilities to hold vehicles for additional food safety checks and plant health checks, so if we left without a deal in March 2019 that would have a major impact on the availability of meat, processed foods, fruit and vegetables”.⁶³

50. Research done for the European Parliament’s AGRI Committee highlighted similar concerns:

“A lorry driver arriving at the port of entry will stop briefly only to show passport and boarding information, and on arrival will be on the motorway within minutes. This compares to lorry loads of goods entering Dover from outside the EU (around 3% of the total) which are subject to checks that take 45 minutes on average ... Currently, the Channel ports do not have the parking facilities to cope with delays of this magnitude, leading to fears of massive congestion for traffic on the cross-Channel and Irish Sea routes”.⁶⁴

51. The City of London Corporation stated that additional inspection requirements:

“could be particularly problematic at short-sea-crossing ports and smaller airports that have quick turnaround times. These points of entry, which deal with many EU products, often have little or no resource. Developing a resource (suitably trained workers, infrastructure and inspection facilities) will be problematic in the short run”.⁶⁵

Terry Jones, Director General of the NFU, raised related concerns: “Currently, the only ports set up to do veterinary checks on meat are London Gateway, Tilbury, Felixstowe, Southampton and Liverpool”.⁶⁶

52. The Minister, George Eustice MP, told us that he was “absolutely confident that we will be ready to handle this”,⁶⁷ adding that “there is a cross-Government group looking at what additional resources we would need and what inspections we might need”.⁶⁸ He also explained that Government was looking at what IT systems would be needed. Customs currently use a system called CHIEF for imports from third countries, and Matthew Waite, Deputy Director in Defra’s EU Exit and Trade Analysis team, told us:

“The CHIEF system handles about 55 million declarations a year at the moment and it has capacity to go up to about 100 million ... The Customs Declaration Service, which is the new system that would take the place of CHIEF, is designed to deal with up to 300 million declarations a year. That is in process at the moment but is due to come on in January 2019”.⁶⁹

63 [Q 2](#)

64 Alan Matthews, *Research for AGRI Committee - Possible transitional arrangements related to agriculture in the light of the future EU-UK relationship: institutional issues* (2017), p 58: [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/602009/IPOL_STU\(2017\)602009_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/602009/IPOL_STU(2017)602009_EN.pdf) [accessed 8 March 2018]

65 Written evidence from the City of London Corporation ([BFS0005](#))

66 [Q 5](#)

67 [Q 14](#)

68 *Ibid.*

69 [Q 16](#)

53. Despite the Department's confidence, the National Audit Office (NAO) has raised concerns that the new system will not be fully functional by the time the UK leaves the EU in March 2019, when it is estimated that the number of customs declarations annually could rise to 255 million.⁷⁰ While a transition agreement could include the continuation of the customs status quo between the UK and the EU, that would only delay the increase in customs declarations until 31 December 2020.
54. The NAO's concerns were echoed by Ian Wright, Director General of the Food and Drink Federation:

"There is no chance that our customs system will be ready in two or three years' time. It simply is not going to happen. The technology is not there. It is not tested. The new customs declaration system will not be ready for testing until February of next year, and theoretically it might have to be in action three weeks later".⁷¹

Minimising the impact of non-tariff barriers

55. Witnesses suggested various ways to reduce the potential impact of non-tariff barriers. In the short term, Andrew Opie from the BRC argued for "time for our businesses and the Government to develop the infrastructure and systems to cope with additional controls".⁷² Looking ahead, the City of London Corporation argued that "the UK Government should continue to recognise EU controls, to avoid resourcing implications at the UK Border. This would best be done as part of a wider reciprocal agreement based on mutual recognition".⁷³ The National Pig Association called for a continued "convergence on standards ... so that a frictionless border can be maintained".⁷⁴
56. Where checks do need to take place, several organisations suggested they be done away from the border. The Freight Transport Association argued that the more that checks could be undertaken at the point of production, "the easier it will be for those products to move through [the border] with ease".⁷⁵ Similarly, the Food and Drink Federation said: "Customs checks need to take place away from the border to avoid gridlock and huge delays because UK doesn't have the capacity or infrastructure".⁷⁶
57. The Minister, George Eustice MP, told us:
- "Even if there were no agreement and no formal deal, it would be open to the UK to ... say that we are confident that the European Union is doing certain things properly and we are going to have a risk-based approach to border inspection. It would be in our gift to do as much or as little border inspection as we thought was required at that point".⁷⁷

70 National Audit Office, *The Customs Declaration Service, HC 241* (13 July 2017), p 6: <https://www.nao.org.uk/wp-content/uploads/2017/07/The-Customs-Declaration-Service-Summary.pdf> [accessed 8 March 2018]

71 [Q 5](#)

72 [Q 2](#)

73 Written evidence from the City of London Corporation ([BFS0005](#))

74 Written evidence from the National Pig Association ([BFS0008](#))

75 Written evidence from the Freight Transport Association ([BFS0012](#))

76 Written evidence from the Food and Drink Federation ([BFS0006](#))

77 [Q 14](#)

58. Which? told us, however, that “it will be essential to ensure that we have an effective system of border controls in place, so that consumers can have confidence that food imports ... comply with UK high standards”.⁷⁸
59. **The Government hopes to negotiate an agreement with the EU that will allow the ‘frictionless’ import of food to the UK to continue. This was a clear priority for witnesses and, given its importance to the UK’s food supply, we strongly support this objective. It is not, however, a guaranteed outcome. We note that there will only be 21 months to negotiate a FTA and that, at the time of writing, there is a significant gulf between the ‘red lines’ set out by the EU and the UK Government, which will need to be bridged to achieve frictionless trade.**
60. **The Minister told us that if no agreement is reached, the UK could decide to minimise the impact of non-tariff barriers by placing very minimal checks on imports from the EU. We note, however, that the UK Government would at the very least be obliged to comply with WTO rules. To provide much needed clarity to the industry, we urge the Government to publish exactly what customs and border requirements it would put in place on EU food imports in that situation.**
61. **While the extent of future non-tariff barriers is unknown, it seems unavoidable that in either a ‘deal’ or ‘no deal’ scenario Brexit will result in some additional border checks and documentation requirements for food imported from the EU to the UK. These will increase the time it takes for food to reach shop shelves and result in additional costs to businesses, which may be passed on to consumers through food price rises.**
62. **Based on the evidence we have heard, we do not believe the UK’s ports and airports will be able to cope with the additional workload that new checks will create, and this will add significantly to the import timescales. Significant delays will disrupt the ‘Just-In-Time’ supply chains that food manufacturers and retailers depend on and could affect the availability of food. We urge the Government to conduct a thorough assessment of the additional staffing, infrastructure and IT requirements that differing levels of post-Brexit border and customs checks would require.**
63. **In determining post-Brexit arrangements, the UK Government will need to balance the need to maintain easy access to EU food imports with the need to maintain food standards through adequate checks on imports. The Minister’s suggestion of minimal checks on EU imports appears at odds with the Government’s obligations under the WTO and its commitment to maintain food safety and animal welfare standards.**

78 Written evidence from Which? ([BFS0013](#))

Requirements on EU countries

64. EU businesses exporting food to third countries encounter a number of non-tariff barriers before their product leaves the EU. Depending on the product, this could include completing export declarations, and obtaining veterinary health and phytosanitary certificates. Post-Brexit, EU businesses wanting to export food to the UK will encounter these additional barriers for the first time.
65. This has cost implications for the businesses involved. The study conducted by KPMG for the Dutch Government, for example, found that obtaining the necessary veterinary certificates to export meat products “costs between EUR 130 and EUR 725 per shipment”.⁷⁹ They calculated the “potential additional export costs [for Dutch businesses exporting meat to the UK] as a result of Brexit range from EUR 8.5 million to EUR 24.0 million per year”.⁸⁰
66. These are direct costs, but just as the introduction of non-tariff barriers would have wider resource implications for businesses based in the UK, so it will have resource implications for EU countries, creating the potential for delays. KPMG’s work highlighted concerns about capacity at regulatory authorities, a lack of personnel with customs expertise and a lack of capacity at Dutch ferry terminals.⁸¹ It also highlighted that many businesses have no experience of trading with third countries, and so are not familiar with the paperwork required or registered with customs authorities.⁸²
67. It was recently reported that the Dutch Government intend to employ at least 750 additional customs agency staff, to manage the additional workload caused by Brexit.⁸³
68. **Regardless of the customs and border arrangements that the UK puts in place for imports, EU countries exporting food to the UK will have additional checks and documentation to complete. It seems probable that the costs associated with this will affect the price of food in the UK.**
69. **These additional checks will create resource requirements for border and customs agencies, and ports and airports, in EU countries. Just as a lack of capacity at UK entry points would result in delays and affect food availability, a lack of capacity at EU exit points would affect the price and availability of food in the UK.**

79 KPMG, *Impact of non-tariff barriers as a result of Brexit*, p 5

80 *Ibid.*, p 44

81 *Ibid.*, p 7

82 *Ibid.*, p 34

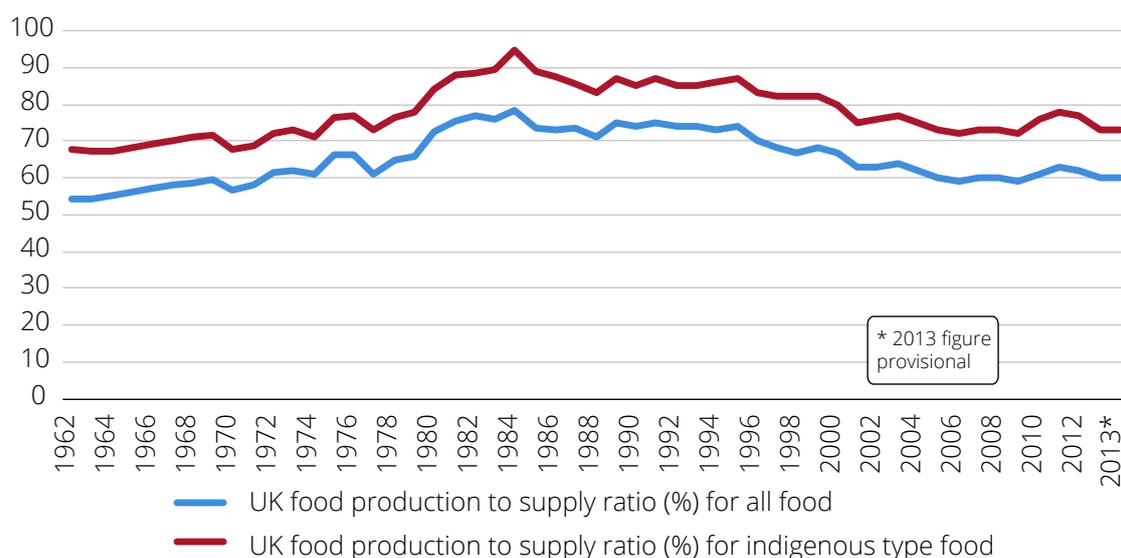
83 ‘UK will need ‘thousands’ more customs officers after Brexit, Dutch MP warns’, *The Guardian* (17 February 2018): <https://www.theguardian.com/politics/2018/feb/17/brexit-uk-thousands-customs-netherlands> [accessed 15 March 2018]

CHAPTER 4: INCREASING SELF-SUFFICIENCY

Opportunities to increase production

70. The UK's self-sufficiency in food has been decreasing over the past 30 years (see Figure 2).⁸⁴ If a combination of tariff and non-tariff barriers results in food imported from the EU becoming more expensive post-Brexit, or in less food being imported, this could stimulate the UK to produce more of its own food. The National Pig Association, for example, stated: "There can be little doubt that Brexit could assist in increased production of British pig products",⁸⁵ while the Food Foundation estimated that "it would be possible to increase the UK market share of 16 of our most popular fruit and veg".⁸⁶

Figure 2: The UK's food production to supply ratio (self-sufficiency ratio)



Source: Department for Environment, Food and Rural Affairs, *Overseas trade in food, feed and drink* (2014): <https://www.gov.uk/government/statistical-data-sets/overseas-trade-in-food-feed-and-drink> [accessed 9 April 2018]

71. Modelling by the UK Trade Policy Observatory suggested that, as tariff and non-tariff barriers limited competition from imports, "domestic production in the food processing industry will expand under all Brexit scenarios, with this growth in domestic production ranging from 0.9 per cent under the soft EEA membership Brexit to 9.2 per cent under the pessimistic no deals Brexit".⁸⁷
72. The UK Trade Policy Observatory also found, however, that "this growth in domestic production will come at the expense of higher domestic prices for consumers".⁸⁸ Conversely, the Food Foundation argued that increasing domestic production of fruit and vegetables could "result in cheaper produce for the consumer in the long run, a potentially more resilient supply and, given the perishability of fresh produce, could also result in fewer food miles and better quality product".⁸⁹

84 Department for Environment, Food and Rural Affairs, 'Overseas trade in food, feed and drink' (2 June 2014): <https://www.gov.uk/government/statistical-data-sets/overseas-trade-in-food-feed-and-drink> [accessed 3 April 2018]

85 Written evidence from the National Pig Association (BFS0008)

86 Written evidence from the Food Foundation (BFS0004)

87 Written evidence from the UK Trade Policy Observatory (BFS0009)

88 *Ibid.*

89 Written evidence from the Food Foundation (BFS0004)

73. **The UK is capable of producing more of its own food, so if post-Brexit tariff and non-tariff barriers were to make EU imports less competitive, domestic production might be stimulated. There are differing opinions, however, about the effect that this would have on food prices for consumers.**

Challenges to increasing production

Timescales

74. Changing farming practices takes time: as Professor Tim Benton told us, “Farmers might switch their behaviour, but replacement is not necessarily going to happen quickly”.⁹⁰ Terry Jones from the NFU agreed: “There is some scope for import substitution but ... farming operates on long timescales ... the reality of an immediate production response is pretty negligible”.⁹¹ This was borne out by the evidence of Dairy UK to our ‘Brexit: deal or no deal’ inquiry: “There is limited spare capacity in the processing sector and it takes at least two years to commission and build a new plant”.⁹²
75. **We note that increasing domestic food production will require long-term investment decisions: it would not be possible to increase food production in time to meet any immediate availability challenges posed by Brexit.**

Types of food

76. The scope for UK growers and manufacturers to increase production varies across food types. The Food and Drink Federation stated: “Increased domestic sourcing is something businesses will consider but we must be realistic that it is not always possible or the most cost-effective option. In many cases, ingredients cannot be sourced here (spices, oranges)”.⁹³ This view was shared by the Fresh Produce Consortium, in evidence to our ‘Brexit: deal or no deal’ inquiry: “The UK’s climate will always limit the range of produce which can be grown here, which is why imported fresh produce is essential to maintaining UK food security and providing UK consumers with a wide range of fresh produce all year round as part of a healthy diet”.⁹⁴ Andrew Opie made a similar point: “Imported food supplements what we have here. The range and availability are fantastic. We import broccoli because we want broccoli 12 months in a year”.⁹⁵
77. **UK consumers have become accustomed to being able to buy a wide variety of foods all year round, and it will not be possible to meet this demand from purely domestic production.**

90 [Q 4](#)

91 [Q 6](#)

92 Written evidence submitted to the EU Select Committee, inquiry on Brexit: deal or no deal (Session 2017–19), Dairy UK ([DND0031](#))

93 Written evidence from the Food and Drink Federation ([BFS0006](#))

94 Written evidence submitted to the EU Select Committee, inquiry on Brexit: deal or no deal (Session 2017–19), Fresh Produce Consortium ([DND0009](#))

95 [Q 6](#)

Access to labour

78. For the UK to produce more food, the industry will need access to more labour. Under free movement rules EU workers have the right to live and work in any Member State,⁹⁶ and they currently make up a significant proportion of the workforce in the UK's farming and food production industries. As we stated in our *Brexit: agriculture* report, "The exact proportion of EU labour is unknown, but it is clear that EU migrants make up a substantial proportion of the workforce across all agricultural sectors in the UK".⁹⁷ The NFU's *End of Season Labour Survey for 2017* found that 81% of the horticultural workforce was seasonal, and of that 81%, 95.9% were non-UK EU nationals.⁹⁸ Discussing the relevant workforce more broadly, the Food and Drink Federation stated: "A third of the food and drink manufacturing workforce are EU nationals".⁹⁹
79. When the UK leaves the EU, the automatic right of EU citizens to work and live in the UK will end.¹⁰⁰ A number of witnesses were therefore concerned that leaving the EU could lead to labour shortages in the food industry. The NFU told us:
- "Should freedom of movement end without systems in place to allow businesses to continue to employ EU nationals, there would be effects on the price and availability of food. This could be caused by a rise in labour costs associated with the production of food, driven by a tightening of the labour pool, and which in turn could have an effect on consumer prices".¹⁰¹
80. This was confirmed by Dairy UK's evidence to our 'Brexit: deal or no deal' inquiry: "Across the processing sector, an inability to recruit trained EU labour would drive up operating costs with a consequential impact on margins. For many individual dairy farmers, the absence of an alternative domestic source of labour would threaten the viability of their businesses".¹⁰²
81. Witnesses highlighted that the agricultural industry is already struggling with labour shortages. The NFU'S *End of Season Labour Survey of its horticultural members*, for example, found that 59% of growers did not secure the number of seasonal workers that they needed in 2017, and that "29.5% of these growers reported crops being unharvested as a direct result of labour shortages".¹⁰³
82. Professor Tim Benton suggested:
- "If, already, the UK farm sector is struggling to find seasonal labour ... it is likely to get worse post-Brexit. Some UK production is likely to move offshore, but the costs of doing so will reflect in prices. In response to lower labour availability and higher prices, farms could charge more for the produce, if the market would support that".¹⁰⁴

96 This is set out in Article 45 of the [Treaty on the Functioning of the European Union](#).

97 European Union Committee, *Brexit: agriculture* (20th Report, Session 2016–17, HL Paper 169)

98 Supplementary written evidence from the National Farmers' Union ([BFS0011](#))

99 Written evidence from the Food and Drink Federation ([BFS0006](#))

100 At the time of writing, it is currently agreed in principle that these rights deriving from EU law will cease to apply to the UK at the end of the transition period on 31 December 2020. See Articles 12–24 and 121 of the [Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union](#)

101 Written evidence from the National Farmers' Union ([BFS0010](#))

102 Written evidence submitted to the EU Select Committee, inquiry on Brexit: deal or no deal (Session 2017–19), Dairy UK ([DND0031](#))

103 Supplementary written evidence from the National Farmers' Union ([BFS0011](#))

104 Written evidence from Professor Tim Benton ([BFS0002](#))

83. This is consistent with evidence that we heard during our ‘Brexit: agriculture’ inquiry. For example, the British Poultry Council told us: “Labour is a significant portion of the cost of production. With more roles to fill, fewer people interested (UK and migrant), and competition from other sectors and countries we will see the cost of production increase”.¹⁰⁵ Similarly, the Food Foundation stated: “Decreased labour availability/increased costs could likewise raise consumer prices of horticultural produce”.¹⁰⁶
84. To ensure the industry has access to adequate labour, the NFU called for “a suite of visa and work permit schemes”, telling us that “a Seasonal Agricultural Workers Scheme (SAWS) should be implemented as a matter of priority”.¹⁰⁷ The National Pig Association argued:
- “Government needs to ensure that Europeans wanting to work in the UK are not prevented from doing so due to complicated application processes or delays to Visa processing, and that ‘unskilled workers’ i.e. those not educated to degree level, on which the pig industry (producers and processors) are dependent are also prioritised”.¹⁰⁸
- Ian Wright, from the Food and Drink Federation, agreed: “To give the Government credit, we believe that they have gone a long way to reassure workers who are already here. They could go a bit further by getting a wiggle on and implementing the registration system ... That is the kind of reassurance that people will need”.¹⁰⁹
85. In contrast, Professor Tim Benton warned that “as economic growth in the UK is less than many developed economies, the UK is a less attractive place for temporary workers to come. Such permits may not be a strong solution”.¹¹⁰
86. The Minister, George Eustice MP, said: “The reassurance I can give is that while we are in the European Union free movement of people continues ... Thereafter, we are absolutely giving consideration ... to a Seasonal Agricultural Workers Scheme”.¹¹¹ This was in addition to work that the Migration Advisory Committee was doing “on what our policy on migration should be after we leave the EU ... Probably we would have some kind of work permitting system where we would allow in the numbers of people we need for particular sectors”.¹¹²
87. Making greater use of technology, and automating more processes in agriculture and food production, could reduce requirements for labour. Ian Wright from the Food and Drink Federation described one food manufacturing business which used to employ 100 people; after investing in robotics it now employs eight.¹¹³ Terry Jones from the NFU, however, told us that the timescales for developing and implementing new technology meant it was not a viable solution for post-Brexit EU labour shortages.¹¹⁴

105 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2016–17), British Poultry Council ([ABR0027](#))

106 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2016–17), the Food Foundation ([ABR0030](#))

107 Written evidence from the National Farmers’ Union ([BFS0010](#))

108 Written evidence from the National Pig Association ([BFS0008](#))

109 [Q 7](#)

110 Written evidence from Professor Tim Benton ([BFS0002](#))

111 [Q 18](#)

112 *Ibid.*

113 [Q 7](#)

114 *Ibid.*

Professor Tim Benton agreed, summarising a World Economic Forum report on technology in food systems: “There is an awful lot of hope, but it is a 10-year or 15-year vision. It is not an immediate thing”.¹¹⁵ Developing and adopting new technology also requires investment, as highlighted by a number of our witnesses including Ian Wright and the NFU.¹¹⁶ We note that the Government has recently announced a new funding stream to support the use of new technology in agriculture as part of the Industrial Strategy Challenge Fund.¹¹⁷

88. **Lack of access to EU labour, post-Brexit, could lead to an increase in recruitment and overtime costs, or alternatively food producers could seek to attract additional domestic workers by paying higher wages. Such cost increases may have to be passed on to consumers, or else some businesses may cease to be viable, reducing the UK’s ability to produce its own food, with a potential knock-on effect upon availability for consumers.**
89. **We reiterate the recommendation made in our report on *Brexit: agriculture* that the Government should ensure that the skills needed by the agricultural sector are recognised when assessing labour needs and access to non-UK labour after Brexit, and further recommend that this should be extended to consider the labour needs across the food supply chain.**
90. **Long-term investment will be needed to maximise the potential for technology to reduce the number of staff required for UK food production. We welcome the Government’s recent announcement of additional funding for technological innovation in the agri-food sector, but reiterate the conclusion of our *Brexit: agriculture* report, that technology cannot reduce demand for EU labour in the short term.**

Support for the sector

91. Professor Tim Benton argued that any increase in domestic food production was likely to require Government support:
- “We could grow a much greater range of things. We could grow things in a different way ... It will, of course, come with economic costs. The reason we do not grow what we do not grow here is largely driven by economics, so we would have to change incentive structures ... It is going to require very big incentives”.¹¹⁸
92. Professor Tim Lang, from the Centre for Food Policy at City University of London, concurred: “Let us get real about the potential for agriculture. Yes, it could grow more. What stops it at the moment is money ... There are no price incentives for anyone to grow any more food at all”.¹¹⁹

115 Q 7

116 Q 7; written evidence from the National Farmers’ Union (BFS0010)

117 Department for Business, Energy and Industrial Strategy, Press Release: ‘Business Secretary calls for new tech revolution in agriculture’, 21 February 2018: <https://www.gov.uk/government/news/business-secretary-calls-for-new-tech-revolution-in-agriculture> [accessed 10 April 2018]

118 Q 6

119 *Ibid.*

93. Some witnesses suggested targeting support at particular types of food. Professor Benton said: “We could have a public policy that was not based on our current ways of doing things ... but based on incentivising crops that we want from a strategic perspective”.¹²⁰ The Food Foundation said:

“Financial incentives and grants to support farmers to move into, or start horticultural production ... [and] Incentives to stimulate demand and mitigate the effects of fruit and veg price rises ... These could be delivered, for example, through an expansion (in value and eligibility) of the Healthy Start scheme which provides vouchers for fruit and vegetables to mothers and young children on a low income, and an expansion of the school fruit and veg scheme to cover state-funded nurseries ... Each could have a specific focus on British produce”.¹²¹

94. **Increasing agricultural production will require financial incentives and investment. This could be a way of maintaining, or increasing, food availability post-Brexit, but the cost would have to be met by the UK taxpayer.**

Reliance on EU inputs

95. Producing more food in the UK would not necessarily avoid the problems that may arise from tariff and non-tariff measures post-Brexit. Both in agriculture and in food manufacturing, businesses often rely on inputs from the EU.
96. For example, in evidence to our ‘Brexit: agriculture’ inquiry, the Agriculture Industries Confederation (AIC) told us that significant volumes of animal feed were imported either directly from the EU, or from non-EU countries via the EU. They noted that “the UK pig and poultry sectors in particular are very reliant on this imported vegetable protein, a quantity and quality which cannot be replicated domestically and both sectors would face massive risks if supplies were disrupted or their cost was increased”.¹²² In evidence to this inquiry, the AIC explained that rather than producers passing costs on to the consumer, it was more likely that production would move away from the UK, “to lower cost competitors outside the EU”.¹²³
97. **UK food production is dependent on a variety of raw materials and supplies imported from the EU. As these imports will be affected by any post-Brexit tariff and non-tariff barriers, increasing the amount of food produced in the UK would not necessarily avoid these extra costs and disruptions.**

120 [Q 6](#)

121 Written evidence from the Food Foundation ([BFS0004](#))

122 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2016–17), the Agricultural Industries Confederation ([ABR0018](#))

123 Written evidence from the Agricultural Industries Confederation ([BFS0003](#))

CHAPTER 5: IMPORTING MORE FOOD FROM NON-EU COUNTRIES

Opportunities to import more food from non-EU countries

98. As a member of the EU's customs union, the UK's trading relationships with non-EU countries have been determined by the EU. Outside the EU, the UK Government will be free to negotiate new trade agreements.
99. As discussed in Chapter 2, WTO rules require countries not to discriminate between trading partners. An exception is made, however, where a free trade agreement (FTA) has been negotiated, and so negotiating new FTAs could be a way of importing some food at lower prices without universally lowering tariffs.
100. Some witnesses suggested that leaving the EU could therefore result in more food being imported from non-EU countries, to the benefit of consumers. Professor Tim Benton said: "At the moment, within Europe, you have this preferential trade transfer whereby Europe is slightly protectionist, so we might get a benefit from lower tariffs externally, by coming out of Europe, from that perspective".¹²⁴
101. Similarly, the British Retail Consortium stated:

"The EU's external tariffs for agricultural produce are high and lowering these would make a difference. An area of interest would be citrus fruit, grapes and top fruit, with South Africa an obvious trade partner, but also the USA and parts of South America. Some of the highest tariffs are beef and dairy products, for which Australia and New Zealand could be future sources. We don't anticipate this replacing UK dairy and meat, rather offering an alternative to imports from the EU".¹²⁵

Challenges to importing more food from non-EU countries

Types of food

102. Referring to the food that the UK currently imports from the EU, Sue Davies from Which? cautioned that: "A lot of that food is not stuff that can easily be replaced with food that comes from other countries. It is quite distinctive".¹²⁶
103. This is consistent with the evidence we heard during our 'Brexit: agriculture' inquiry, when the Institute of Grocery Distribution told us: "Reduced trade in agriculture and food with the EU might be offset, at least in part, by increasing trade elsewhere but there is no single country or trading bloc that could be a like-for-like substitute".¹²⁷

Lower standards

104. Our 'Brexit: farm animal welfare' inquiry heard concerns about importing food from countries with lower welfare standards. The British Egg Industry Council, for example, told us: "As the government presses ahead on negotiating bilateral Free Trade Agreements with other (non-EU) countries,

124 Q 3

125 Written evidence from the British Retail Consortium ([BFS0007](#))

126 Q 2

127 Supplementary written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2016–17), IGD ([ABR0043](#))

it could be tempted to allow imports of cheap products, produced to lower standards than our own, in an effort to keep a lid on food price inflation”.¹²⁸ The Agriculture and Horticulture Development Board told us that “if the ‘free trade’ ambition is successful it will be difficult to stop the UK market from being flooded with imports produced to different and by inference, lower welfare standards”.¹²⁹ And Minette Batters, Deputy President of the NFU, said: “We see the greatest threat to welfare coming from products coming on to this market that are produced to different standards and within a different regulatory framework”.¹³⁰

105. Witnesses to this inquiry echoed these concerns. Professor Tim Benton said: “If we are buying more stuff from further away, typically it is less regulated. Typically, it is going to have a higher environmental impact. Typically, it will come into the country with lower quality ... Typically, it might have more impact for people who are producing it overseas”.¹³¹
106. The National Pig Association agreed, pointing to the use of sow stalls, ractopamine (a feed additive) and antibiotic growth-promoters, all of which are permitted in the United States, Canada and Mexico, but banned in the EU.¹³²
107. Which? expressed similar concerns:
- “Caution is needed where countries have lower standards. Food has to be of the quality and standard that consumers expect ... production practices that raise consumer concerns such as the use of animal cloning, antibiotic growth promoters, weaker hygiene standards using chlorine washes for poultry production or use of growth promoting hormones, which are allowed in some countries but banned in the EU, should not be permitted in the UK”.¹³³
108. This potential challenge was recognised by the Minister, in his evidence to our ‘Brexit: agriculture’ inquiry: “Beef produced in Brazil, Uruguay and the US is cheaper than in the EU and, in particular, in the UK, but that comes at a price of using hormones in beef and all sorts of approaches that probably would cause consumer reaction here, and the quality of that product is far inferior to what we have”.¹³⁴ He reiterated the Government’s approach in evidence to this inquiry: “We will not water down standards in pursuit of a trade deal. There are ways of dealing with these issues. You can do a trade deal for particular products raised to a particular specification that meets equivalency with your own domestic market”.¹³⁵

128 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: farm animal welfare (Session 2017–19), the British Egg Industry Council ([AFW0011](#))

129 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: farm animal welfare (Session 2017–19), the Agriculture and Horticulture Development Board ([AFW0004](#))

130 Oral evidence taken before the EU Energy and Environment Sub-Committee, inquiry on Brexit: farm animal welfare, 5 April 2017 (Session 2017–19), [Q 1](#) (Minette Batters)

131 [Q 3](#)

132 Written evidence from the National Pig Association ([BFS0008](#))

133 Written evidence from Which? ([BFS0013](#))

134 Oral evidence taken before the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture, 8 March 2017 (Session 2016–17), [Q 84](#) (George Eustice MP)

135 [Q 21](#)

109. The Minister’s approach was in line with the views expressed by witnesses to our ‘Brexit: farm animal welfare’ inquiry—Peter Stevenson, Chief Policy Advisory for Compassion in World Farming, for example, recommended that “when negotiating new trade agreements, the Government should insist on the inclusion of a clause that permits the UK to require imports to meet UK standards”.¹³⁶

Impact on UK producers

110. There is also a commercial risk to opening up the UK market. Professor Tim Benton noted that importing cheaper food from other countries would affect UK producers:

“Current retail prices for sirloin steak in the US is £12.67 per kg and in the UK is £22.06 per kg—so a trade deal, opening the UK market to US beef, would likely undercut UK produced prices by some considerable margin. Would our farmers seek to reduce standards to compete, or would they stop producing beef? If so, what might happen to the UK agricultural economy and the wider rural economy, as well as the way land is managed in our ‘green and pleasant land?’”¹³⁷

111. The NFU warned that “this sort of trade liberalisation scenario would have a hugely negative impact on the viability of many British farms”.¹³⁸ Giving evidence to our ‘Brexit: agriculture’ inquiry, NFU Cymru told us that lowering tariffs on food imports from New Zealand and Brazil “would have a devastating impact on Wales’ livestock industry”,¹³⁹ and Scottish Land & Estates said: “Trade deals that open our markets to cheap imports could prove disastrous for some agricultural sectors”.¹⁴⁰

Limited opportunities

112. Food is a global commodity, and Professor Benton warned that the UK, once outside the EU, might not be an attractive market. He gave the example of citrus fruits, where “Peru and Chile are the most resilient alternatives. These producers, as well as being very distant, typically supply to China and the US. Against these competitors the UK is viewed negatively as a low volume and high specification customer”.¹⁴¹
113. Similar views were expressed by witnesses to our ‘Brexit: agriculture’ inquiry. The British Poultry Council, for example, told us: “Contrary to popular belief, third countries are not able to ‘take up the slack’ in trade that may be caused by Brexit ... loss of trade with [EU] Member States will not inevitably lead to increases elsewhere”.¹⁴²

136 Oral evidence taken before the EU Energy and Environment Sub-Committee, inquiry on Brexit: farm animal welfare, 5 April 2017 (Session 2017–19), [Q 17](#) (Peter Stevenson)

137 Written evidence from Professor Tim Benton ([BFS0002](#))

138 Written evidence from the National Farmers’ Union ([BFS0010](#))

139 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2017–19), NFU Cymru ([ABR0034](#))

140 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2017–19), Scottish Land & Estates ([ABR0032](#))

141 Written evidence from Professor Tim Benton ([BFS0002](#))

142 Written evidence submitted to the EU Energy and Environment Sub-Committee, inquiry on Brexit: agriculture (Session 2017–19), the British Poultry Council ([ABR0027](#))

114. Giving evidence to this inquiry, the Minister said: “There will be some opportunities for new trade deals ... [but] it is important not to exaggerate the opportunities ... There is already quite a lot of trade that takes place. The impacts of these new agreements are probably less than some people would presume”.¹⁴³
115. **When it leaves the EU, the UK will be able to negotiate new trade agreements with non-EU countries. This could offer an alternative to EU imports, if these become more expensive or less available, and could result in cheaper food prices for consumers.**
116. **Not all types of food currently imported from the EU, however, could be easily substituted like-for-like with non-EU imports.**
117. **We have heard significant concerns from a range of organisations, during this inquiry and previous inquiries, that cheaper food imported from non-EU countries is likely to have been produced to lower animal welfare and food safety standards, and that it could undermine the competitiveness of UK producers.**
118. **We welcome the Government’s commitment that animal welfare standards will be maintained. We reiterate the conclusion of our ‘Brexit: agriculture’ inquiry, however, that it will be difficult to reconcile this commitment with a desire to become a global leader in free trade. Ensuring food imports meet UK standards will require a rigorous inspection regime, and we call on the Government to detail what arrangements it will put in place to implement such a regime.**
119. **We note that some witnesses, including the Minister, feel opportunities for new trade deals are limited. Given that, and given the Government’s commitment to ensuring imports meet UK standards, it seems unlikely that imports from outside the EU will have much effect on the price or availability of food.**

CHAPTER 6: FOOD SECURITY FOR ALL

120. Food security is defined by the Food and Agriculture Organization of the United Nations as a situation in which “all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life”.¹⁴⁴ A study by the Food Standards Agency across England, Wales and Northern Ireland in 2017 found that 8% of those surveyed were living in households classed as ‘food insecure’ and another 13% lived in households considered to be ‘marginally food secure’.¹⁴⁵
121. Witnesses raised concerns that Brexit could increase food inequality and threaten food security for those on lower incomes. Professor Tim Benton told us:
- “An interesting issue to explore is the risk here of a two-speed Britain ... We could have a premium agricultural system that just sells into Borough Market and Waitrose, and then poor people have to eat calorie-rich, nutrient-poor diets based on commodity crops imported from other parts of the world”.¹⁴⁶
122. Fruit and vegetables could be particularly vulnerable to price rises and lack of availability, because of the UK’s dependence on EU imports: around 40% of vegetables and 37% of fruit sold in the UK come from the EU.¹⁴⁷ For this reason Professor Tim Lang, from the Centre for Food Policy at City University London, described horticulture as “the most fragile of all the industries”.¹⁴⁸ The level of price rises that will follow Brexit will of course depend on the trade agreement that is concluded between the UK and the EU. The highest price rises would likely result from a ‘no deal’ scenario, with all food imports being subjected to tariffs at WTO levels. The Food Foundation stated:
- “WTO tariffs being applied to European imports, combined with changes in the value of the pound and increasing labour costs, could raise the price of purchasing enough fruit and veg for a family of four by £159 per year. The impact of this would be felt the most by households in the lowest 10%, for whom almost half (46%) of their entire food budget would be taken up with fruit and veg costs. These price rises would come at a time when fruit and veg consumption is already far below recommended levels”.¹⁴⁹
123. Ensuring access to fruit and vegetables is one aspect of a broader debate on the UK’s future food policy. Sue Davies from Which?, Professor Tim Lang, Ian Wright from the Food and Drink Federation and Professor Tim Benton all stressed the importance of the Government developing a strategy

144 Food and Agriculture Organization of the United Nations (FAO), *World Food Summit Plan of Action* (November 1996): <http://www.fao.org/docrep/003/w3613e/w3613e00.htm> [accessed 10 March 2018]

145 Food Standards Agency, *The Food & You Survey Wave 4: Executive Summary* (2017), p 5: <https://www.food.gov.uk/sites/default/files/food-and-you-w4-exec-summary.pdf> [accessed 22 March 2018]

146 Q 7

147 The Food Foundation, *Food and the EU referendum: 2016 Policy Briefing* (2016), p 3: <https://foodfoundation.org.uk/wp-content/uploads/2016/07/food-and-eu-ref-policy-briefing-1.pdf> [accessed 10 March 2018]

148 Q 2

149 Written evidence from the Food Foundation (BFS0004)

to address food security in a holistic way.¹⁵⁰ This is needed, they argued, to tackle practical issues such as labour shortages but also address ethical questions that arise in the tension between, for example, ensuring affordable food for all and producing food to high welfare standards and with the lowest possible environmental impact.

124. Sue Davies told us that leaving the Common Agricultural Policy was an opportunity “to reconcile the competing objectives of food policy, whether that is tackling obesity, environmental impact, economic growth, quality, taste or safety”.¹⁵¹ Professor Benton agreed: “There is not enough joining up ... on how we [use our food system] ... to make people healthier, make farming better, make soils better, make the environment better and deal with climate change. The challenge is how we join all these things up together.”¹⁵² He continued:

“There is a balance in terms of thinking about how much food we should be growing at home and how much food we should be importing. The more we outsource our trade, the more we rely on a globally stable world to deliver our food security ... There is an interesting question here around what the right balance is”.¹⁵³

Sue Davies suggested: “We have an opportunity to think more strategically ... and longer term about the different things that we want from a food and farming system, and the different types of incentives we need in order to achieve that”.¹⁵⁴

125. Professor Tim Lang noted that a 25-year food plan from Government had been expected for some time but never published.¹⁵⁵ The Department for Environment, Food and Rural Affairs (Defra) has recently published a consultation on ‘the future for food, farming and the environment in a Green Brexit’,¹⁵⁶ which does include some of the issues raised above (such as animal welfare and skills), but does not set out the comprehensive food policy our witnesses called for. Nor does it consider food security.
126. Professor Benton summarised the position as follows: “We have to have a plan to ensure that, as the world becomes more fragmented and geopolitically unstable, driven by climate change instability, we can feed ourselves in the long term and in a sustainable way. We ought to do it”.¹⁵⁷
127. **Food inequality already exists in the UK, but there is a risk that this inequality could increase following Brexit.**

150 [Q 2](#), [Q 6](#), [Q 11](#) and [Q 10](#)

151 [Q 2](#)

152 [Q 10](#)

153 [Q 6](#)

154 [Q 8](#)

155 [Q 6](#)

156 Department for Environment, Food and Rural Affairs, *Health and Harmony: the future for food, farming and the environment in a Green Brexit*, Cm 9577, February 2018: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/684003/future-farming-environment-consult-document.pdf [accessed 4 April 2018]

157 [Q 10](#)

128. **Food security is critically important, but agreeing on the best way to provide food security raises tensions between the different priorities we have considered during this inquiry. As the UK prepares to leave the EU, it is unclear whether the Government's goal is maintaining or even reducing food prices, or maintaining high animal welfare and food safety standards; protecting UK producers, or seeking new trade agreements with other countries.**
129. **We agree with witnesses to this inquiry that the Government should produce, with some urgency, a comprehensive food strategy for the UK that sets a clear policy direction for ensuring the UK's food security in a post-Brexit world.**

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Tariffs

1. The Government hopes to negotiate a free trade agreement that would allow tariff-free imports of food from the EU to continue. If an agreement cannot be reached, however, the default position would be for World Trade Organization tariffs to apply. (Paragraph 18)
2. While estimates vary, if tariffs were imposed based on EU most-favoured-nation rates it seems highly probable that food prices for UK consumers would rise. (Paragraph 19)
3. We acknowledge the Minister's argument that food prices are affected by a wide range of factors, and fluctuate frequently. But all this means is that price rises resulting from tariffs would be on top of increases that would have occurred anyway. We do not share the Minister's view that these levels of price increases would be marginal for UK food consumers. (Paragraph 20)
4. A number of witnesses to this inquiry stressed the importance of maintaining tariff-free trade with the EU. Given the potential impact of tariffs on food imports for consumers, we endorse their view. (Paragraph 21)
5. Agreements negotiated by the EU have allowed the UK to benefit from low-tariff or tariff-free imports of food from non-EU countries. (Paragraph 33)
6. The UK Government is confident that the majority of these agreements can be easily 'rolled over' and the status quo maintained. This is not, however, a guaranteed outcome, either during any transition period or afterwards. If current arrangements are not maintained, it is likely that the sudden imposition of tariffs and loss of tariff rate quotas would affect the price and availability of food for UK consumers. (Paragraph 34)
7. The Government should urgently seek agreement from the relevant third countries that existing FTAs will continued to be honoured during the transition period. Determining which might continue to apply post-December 2020 (or post-March 2019 if no transition arrangement is agreed) and which will need to be renegotiated will then become the priority. (Paragraph 35)

Non-tariff barriers

8. The Government hopes to negotiate an agreement with the EU that will allow the 'frictionless' import of food to the UK to continue. This was a clear priority for witnesses and, given its importance to the UK's food supply, we strongly support this objective. It is not, however, a guaranteed outcome. We note that there will only be 21 months to negotiate a FTA and that, at the time of writing, there is a significant gulf between the 'red lines' set out by the EU and the UK Government, which will need to be bridged to achieve frictionless trade. (Paragraph 59)
9. The Minister told us that if no agreement is reached, the UK could decide to minimise the impact of non-tariff barriers by placing very minimal checks on imports from the EU. We note, however, that the UK Government would at the very least be obliged to comply with WTO rules. To provide much needed clarity to the industry, we urge the Government to publish exactly what customs and border requirements it would put in place on EU food imports in that situation. (Paragraph 60)

10. While the extent of future non-tariff barriers is unknown, it seems unavoidable that in either a 'deal' or 'no deal' scenario Brexit will result in some additional border checks and documentation requirements for food imported from the EU to the UK. These will increase the time it takes for food to reach shop shelves and result in additional costs to businesses, which may be passed on to consumers through food price rises. (Paragraph 61)
11. Based on the evidence we have heard, we do not believe the UK's ports and airports will be able to cope with the additional workload that new checks will create, and this will add significantly to the import timescales. Significant delays will disrupt the 'Just-In-Time' supply chains that food manufacturers and retailers depend on and could affect the availability of food. We urge the Government to conduct a thorough assessment of the additional staffing, infrastructure and IT requirements that differing levels of post-Brexit border and customs checks would require. (Paragraph 62)
12. In determining post-Brexit arrangements, the UK Government will need to balance the need to maintain easy access to EU food imports with the need to maintain food standards through adequate checks on imports. The Minister's suggestion of minimal checks on EU imports appears at odds with the Government's obligations under the WTO and its commitment to maintain food safety and animal welfare standards. (Paragraph 63)
13. Regardless of the customs and border arrangements that the UK puts in place for imports, EU countries exporting food to the UK will have additional checks and documentation to complete. It seems probable that the costs associated with this will affect the price of food in the UK. (Paragraph 68)
14. These additional checks will create resource requirements for border and customs agencies, and ports and airports, in EU countries. Just as a lack of capacity at UK entry points would result in delays and affect food availability, a lack of capacity at EU exit points would affect the price and availability of food in the UK. (Paragraph 69)

Increasing self-sufficiency

15. The UK is capable of producing more of its own food, so if post-Brexit tariff and non-tariff barriers were to make EU imports less competitive, domestic production might be stimulated. There are differing opinions, however, about the effect that this would have on food prices for consumers. (Paragraph 73)
16. We note that increasing domestic food production will require long-term investment decisions: it would not be possible to increase food production in time to meet any immediate availability challenges posed by Brexit. (Paragraph 75)
17. UK consumers have become accustomed to being able to buy a wide variety of foods all year round, and it will not be possible to meet this demand from purely domestic production. (Paragraph 77)
18. Lack of access to EU labour, post-Brexit, could lead to an increase in recruitment and overtime costs, or alternatively food producers could seek to attract additional domestic workers by paying higher wages. Such cost increases may have to be passed on to consumers, or else some businesses may cease to be viable, reducing the UK's ability to produce its own food, with a potential knock-on effect upon availability for consumers. (Paragraph 88)

19. We reiterate the recommendation made in our report on *Brexit: agriculture* that the Government should ensure that the skills needed by the agricultural sector are recognised when assessing labour needs and access to non-UK labour after Brexit, and further recommend that this should be extended to consider the labour needs across the food supply chain. (Paragraph 89)
20. Long-term investment will be needed to maximise the potential for technology to reduce the number of staff required for UK food production. We welcome the Government's recent announcement of additional funding for technological innovation in the agri-food sector, but reiterate the conclusion of our *Brexit: agriculture* report, that technology cannot reduce demand for EU labour in the short term. (Paragraph 90)
21. Increasing agricultural production will require financial incentives and investment. This could be a way of maintaining, or increasing, food availability post-Brexit, but the cost would have to be met by the UK taxpayer. (Paragraph 94)
22. UK food production is dependent on a variety of raw materials and supplies imported from the EU. As these imports will be affected by any post-Brexit tariff and non-tariff barriers, increasing the amount of food produced in the UK would not necessarily avoid these extra costs and disruptions (Paragraph 97)

Importing more food from non-EU countries

23. When it leaves the EU, the UK will be able to negotiate new trade agreements with non-EU countries. This could offer an alternative to EU imports, if these become more expensive or less available, and could result in cheaper food prices for consumers. (Paragraph 115)
24. Not all types of food currently imported from the EU, however, could be easily substituted like-for-like with non-EU imports. (Paragraph 116)
25. We have heard significant concerns from a range of organisations, during this inquiry and previous inquiries, that cheaper food imported from non-EU countries is likely to have been produced to lower animal welfare and food safety standards, and that it could undermine the competitiveness of UK producers. (Paragraph 117)
26. We welcome the Government's commitment that animal welfare standards will be maintained. We reiterate the conclusion of our 'Brexit: agriculture' inquiry, however, that it will be difficult to reconcile this commitment with a desire to become a global leader in free trade. Ensuring food imports meet UK standards will require a rigorous inspection regime, and we call on the Government to detail what arrangements it will put in place to implement such a regime. (Paragraph 118)
27. We note that some witnesses, including the Minister, feel opportunities for new trade deals are limited. Given that, and given the Government's commitment to ensuring imports meet UK standards, it seems unlikely that imports from outside the EU will have much effect on the price or availability of food. (Paragraph 119)

Food security for all

28. Food inequality already exists in the UK, but there is a risk that this inequality could increase following Brexit. (Paragraph 127)
29. Food security is critically important, but agreeing on the best way to provide food security raises tensions between the different priorities we have considered during this inquiry. As the UK prepares to leave the EU, it is unclear whether the Government's goal is maintaining or even reducing food prices, or maintaining high animal welfare and food safety standards; protecting UK producers, or seeking new trade agreements with other countries. (Paragraph 128)
30. We agree with witnesses to this inquiry that the Government should produce, with some urgency, a comprehensive food strategy for the UK that sets a clear policy direction for ensuring the UK's food security in a post-Brexit world. (Paragraph 129)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Lord Curry of Kirkharle
 Viscount Hanworth
 Lord Krebs
 Duke of Montrose
 Lord Rooker
 Lord Selkirk of Douglas
 Baroness Sheehan
 The Earl of Stair
 Lord Teverson (Chairman)
 Viscount Ullswater
 Baroness Wilcox
 Lord Young of Norwood Green

Declarations of interest

Lord Curry of Kirkharle
Partner, Farming Business in Northumberland
Trustee, Clinton Devon Estate
Other interests as recorded in House of Lords Register

Viscount Hanworth
No relevant interests to declare

Lord Krebs
Advisor to Tesco plc, Marks and Spencer plc and Wellcome Trust
Chair, Advisory Board of Oxford University research programme on environmental health impacts and animal sourced protein

Duke of Montrose
For many years a farmer receiving Common Agricultural Policy support
Selling young stock to the rearing industry
Recently President of the National Sheep Association
Fellow, Royal Agricultural Society
Associate, British Veterinary Association
Member, Moredun Research Institute

Lord Rooker
No relevant interests to declare

Lord Selkirk of Douglas
An interest in a small family company with agricultural lands and property, Douglas-Hamilton (D Share) Ltd, as a part Director, with interests in small areas of land, and in the possibility of 1 or 2 Turbines
Diversified investment portfolio in McInroy & Wood Income Fund, managed by a third party

Baroness Sheehan
No relevant interests to declare

The Earl of Stair
Agricultural interests producing milk, beef and lamb
Other interests as declared in House of Lords Register

Lord Teverson (Chairman)

Owner of Cornwall Pasta Company Ltd (non-trading)

Board Member, Marine Management Organisation

Viscount Ullswater

Trustee of a landed estate in Cumbria, Agriculture, Forestry, Energy, Tourism.

Receives grants from Defra in various ways

Baroness Wilcox

No relevant interest to declare

Lord Young of Norwood Green

No relevant interests to declare

The following Members of the European Union Select Committee attended the meeting at which the report was approved:

Baroness Armstrong of Hill Top

Lord Boswell of Aynho (Chairman)

Baroness Brown of Cambridge

Baroness Browning

Lord Crisp

Baroness Falkner of Margravine

Lord Jay of Ewelme

Baroness Kennedy of The Shaws

The Earl of Kinnoull

Baroness Neville-Rolfe

Lord Selkirk of Douglas

Baroness Suttie

Lord Teverson

Baroness Verma

Lord Whitty

Baroness Wilcox

Lord Woolmer of Leeds

During consideration of the report the following Members declared an interest:

Lord Boswell of Aynho

Landowning and farming interests as declared on the Register of Members' Interests

Baroness Brown of Cambridge

Chair, Adaptation Sub-Committee of the Committee on Climate Change

The Earl of Kinnoull

Farming in Scotland, both as Principal and as Trustee with no beneficial interest, and in receipt of EU Farm Subsidy

Baroness Neville-Rolfe

Chairman, Assured Food Standards Ltd (Red Tractor Assurance)

Independent Non-executive Director, Capita plc

Other interests as declared in the House of Lords Register of Interests

A full list of Members' interests can be found in the Register of Lords' Interests: <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/house-of-lords-commissioner-for-standards-/register-of-lords-interests/>

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <http://www.parliament.uk/brexit-food-security> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order and in alphabetical order. Those witnesses marked with a ** gave oral evidence and written evidence. Those marked with * gave oral evidence and did not submit any written evidence.

Oral evidence in chronological order

** Walter J Anzer, British Food Importers and Distributors Association	QQ 1-11
** Professor Tim Benton, University of Leeds and Chatham House	QQ 1-11
** Sue Davies, Which?	QQ 1-11
* Professor Tim Lang, City, University of London	QQ 1-11
** Terry Jones, National Farmers' Union	QQ 1-11
** Andrew Opie, British Retail Consortium	QQ 1-11
** Ian Wright, Food and Drink Federation	QQ 1-11
** George Eustice MP, Minister of State for Agriculture, Fisheries and Food, Defra	QQ 12-24
** Deborah Hankins, Defra	QQ 12-24
** Matthew Waite, Defra	QQ 12-24

Alphabetical list of all witnesses

Agricultural Industries Confederation (AIC)	BFS0003
** Professor Tim Benton, University of Leeds and Chatham House (QQ 1-11)	BFS0002
** British Food Importers and Distributors Association (BFIDA) (QQ 1-11)	BFS0001
** British Retail Consortium (BRC) (QQ 1-11)	BFS0007
City of London Corporation	BFS0005
** Department of Environment, Food and Rural Affairs (Defra) (QQ 12-24)	BFS0014
** Food and Drink Federation (FDF) (QQ 1-11)	BFS0006
Food Foundation	BFS0004
Freight Transport Association (FTA)	BFS0012
* Professor Tim Lang, City, University of London (QQ 1-11)	
** National Farmers' Union (NFU) (QQ 1-11)	BFS0010
	BFS0011
National Pig Association (NPA)	BFS0008
UK Trade Policy Observatory	BFS0009

APPENDIX 3: GLOSSARY

AGRI Committee	The European Parliament's Agriculture and Rural Development Committee
BRC	British Retail Consortium
CHIEF	Customs Handling of Import and Export Freight. A computer system used to record customs declarations
Defra	Department for Environment, Food and Rural Affairs
EEA	European Economic Area. The area in which the EU Single Market operates, which includes Iceland, Liechtenstein and Norway as well as EU countries
FTA	Free trade agreement
MFN tariff	Most-favoured-nation tariff. The standard tariff a country will impose on other WTO countries
NFU	National Farmers' Union
TRQ	Tariff rate quota. The quota up to which a product will be subject to a lower tariff than would normally be applied
WTO	World Trade Organization