



Northern Ireland  
Assembly

Committee for Agriculture, Environment and  
Rural Affairs

# OFFICIAL REPORT (Hansard)

Brexit: Department of Agriculture,  
Environment and Rural Affairs

30 June 2016

# NORTHERN IRELAND ASSEMBLY

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**Members present for all or part of the proceedings:**

Ms Linda Dillon (Chairperson)  
Ms Caoimhe Archibald (Deputy Chairperson)  
Mr Sydney Anderson  
Mr Maurice Bradley  
Mr David Ford  
Mr William Irwin  
Mr Patsy McGlone  
Mr Harold McKee  
Mr Oliver McMullan  
Mr Edwin Poots  
Mr Robin Swann

**Witnesses:**

Mr Robert Huey	Department of Agriculture, Environment and Rural Affairs
Mr Noel Lavery	Department of Agriculture, Environment and Rural Affairs
Mr David Small	Department of Agriculture, Environment and Rural Affairs
Ms Louise Warde Hunter	Department of Agriculture, Environment and Rural Affairs

**The Chairperson (Ms Dillon):** I welcome Noel Lavery, permanent secretary; Louise Warde Hunter, deputy secretary; David Small, deputy secretary; and Robert Huey, deputy secretary. We ask that you keep the presentation to 10 minutes. It may even be shorter.

**Mr Noel Lavery (Department of Agriculture, Environment and Rural Affairs):** Shorter.

**The Chairperson (Ms Dillon):** I thought that it might. I know, Noel, that you have to leave at 12.30 pm. That is fine. We may well have concluded by then. The questions may not have. I say again to members to keep their questions brief. It is one question per member. That will give as many people as possible an opportunity to ask questions. There will be a lot of questions for the Department about Brexit.

**Mr Lavery:** Chair, thanks for the opportunity. Members will be aware of many policies, functions, delivery activities and funding that the Department is responsible for that derives from the EU, whether it be legislative requirements around CAP, common fisheries policy, rural development, animal and plant health or environmental legislation and protection. It is a very significant decision for stakeholders. My team is with me, as you can see. If issues arise, others are available in the Public

Gallery to make the information available to the Committee. I will make short opening remarks, Chair, and we are happy to take questions as discussed.

I am sure that members will be aware of the widely reported timescale based on triggering article 50. If we assume that happens this year, the negotiation process is then two years. The UK Government will lead on the negotiations with the EU on UK exit and any future relationship. Within the UK, there will be negotiations between central government at Westminster and the devolved Administrations on how the impacts are managed and resources allocated. The First Minister said on Thursday:

*"The priority of the Executive will be to ensure Northern Ireland's interests are protected and advanced and that new opportunities are developed as part of any new arrangements within the UK and the Republic of Ireland as well as with our European neighbours."*

The forthcoming negotiations will be our focus. My Minister is on the record as saying that she and her Executive colleagues will work closely with Whitehall — in our case, DEFRA — in the coming weeks and months.

It is obviously early days. We are six days after the referendum decision. There are a considerable number of unknowns yet around the negotiation process and how it will be managed. We want to stress that it is business as usual in how we are operating in terms of our functions and immediate business. We are progressing with a full range of functions as normal. We have put in place our own internal arrangements to manage this situation. The timescale for negotiations allows for a degree of stability within the Department while we consider the policies that need to be developed and implemented that would be better-tailored to local needs.

At the centre of government, an overarching team will be established, with representatives from each Department. Louise will be our representative on that team. In our Department, I am leading a team comprising most senior colleagues. Our focus will be on scoping the implications for the Department's functions, heads of groups leading in their business areas, and a number of strands and themes we have developed. I will say a little bit more now about that.

Obviously, we need to review all our legislation. The Department currently operates under what derives from EU directives and regulations. We will need to assess the scale of the legislative change that may be required. Joe Cassells, who is here today, will be leading on that. We are assessing the implications for trade to our other member states, including the South. Our agrifood sector depends heavily on its export markets, as the Committee is aware. To illustrate that, 73% of our agrifood and drinks processing sector sales were in destinations outside Northern Ireland. Robert will be leading on that element.

There are the financial implications. The total level of direct payments to farmers in 2015 was estimated at £287 million, taking into account all the schemes. Graeme Wilkinson will be leading on that. The European Maritime and Fisheries Fund made a contribution of approximately £10 million, and David will be covering that. The rural development programme (RDP) is worth approximately £623 million, due to be funded with a contribution from the EU of £186 million. As well as that, we draw down Horizon 2020. So, we will be assessing a full range of financial implications. We will assess our current EU schemes and investments, as well as any impending infraction proceedings or levels of disallowance etc.

I emphasise what the Minister said in the Assembly this week. We are continuing to roll out the RDP and deliver payments. We will continue to authorise, execute and account for payments and, of course, apply the regulations and ensure robust governance structures and procedures are in place. We remain committed to the financial plans that were approved and agreed by the Executive, including the RDP and the £623 million. The financial consequences of leaving the EU will need to be negotiated, and that will take years. We cannot put our plans on hold. So, we are running forward our plans, and we will see what happens in negotiations.

Earlier this week, the Minister met agrifood industry representatives. We will work closely with the industry, and that will be part of the structures that we will put in place. We will be working with our stakeholders across the piece — with fishery, forestry, rural and environmental stakeholders — some of whom you met this morning.

I will stop there; I am conscious of time. We are happy to take questions.

**The Chairperson (Ms Dillon):** You have already answered one of mine, because I did not get as clear an answer from the Minister in the Chamber on whether the RDP would run right through to 2020. I am assuming from what you are saying that that is the case, regardless of —

**Mr Lavery:** What I have said is that the RDP will continue to run. I have no idea what will happen between now and 2020, but the RDP will continue to run. Chair, I will quote what the Special EU Programmes Body (SEUPB) said:

*"The SEUPB, having received guidance from the Northern Ireland Finance Minister on the implications of the recent referendum decision in which a majority in the North voted to Remain, will continue to implement the delivery of PEACE IV and INTERREG VA".*

So the key thing is that Peace IV and INTERREG Va are being delivered. The statement continues:

*"It is anticipated that all EU Programmes ... will form part of the discussions that are to take place".*

We are continuing to implement our programmes until there is any change that is effected by the negotiations. So, I cannot say what will happen until 2020, but we are continuing to implement our programmes on that basis.

**The Chairperson (Ms Dillon):** So we do not have any assurance, then.

**Mr Lavery:** I cannot say what is going to happen in the next two or three years, but the Executive committed to an RDP, and we are continuing to implement it. That is where we are today, and I want to give the Committee that assurance. The Minister indicated that in the Assembly.

**The Chairperson (Ms Dillon):** She said that we are continuing to. Today, we are; tomorrow, possibly; and next week? My concern is for further down the line. I do not want to dwell on it, and other members want to speak, so I do not want to be taking up other people's time.

What about the CAP spending up until 2020? There was persistent assurance given during the "Leave" campaign that that would still be financed. I wonder how that assurance can be given. Have you, or the Department, been given assurance that that will absolutely be the case?

**Mr Lavery:** It is the same answer as that I have just given. We are planning to continue to implement CAP payments. The future of agricultural support, if we are outside the EU, will depend on future UK policy and how it is devolved to Northern Ireland. That is all part of the negotiation. I can give you an assurance that I am in contact with my counterpart in DEFRA, and we will be involved in those discussions.

**The Chairperson (Ms Dillon):** Thank you very much. I appreciate that. It highlights the fact that all the guarantees given by the "Leave" campaign were just like the £350 million that was going to go to health. It was an illusion.

**Mr McGlone:** I want to emphasise that. The point is that you are very assertive in saying that the funding will continue to be implemented for the RDP. I presume that that is with the caveat, "as long as that funding exists"? You cannot say anything else.

**Mr Lavery:** Let me take a step back from it, Mr McGlone. We have a rural development programme for £623 million, of which £186 million is EU funding. For instance, the farm business improvement scheme is on national funding that, when it is rolled out, will continue. It is not dependent on the RDP. If you take the rest of it, that is a programme, agreed by the EU, that is part national and part EU funding. As part of the negotiations, the question will be asked about how those programmes continue, whatever the Brexit date is. Those discussions will be UK-wide. The same issues will be faced by Scotland, Wales and England. We will deal with whatever the settlement on those is. We cannot see the future now. I just want to give reassurance to people who are entering into contracts that we are continuing to do that. People are looking for investment. We do not want to have a break in investment decisions, because we want to do the best for Northern Ireland. As of today, we still have an RDP. What the future holds, we will see. We are still planning on that basis.

**Mr McGlone:** You are taking me into interesting territory, here. Could we explore this, Chair, with your indulgence? If people are entering into contracts, what advice is the Department giving in terms of the time base for those contracts?

**Mr Lavery:** We are continuing to issue the letters of offer as we did, and we will take guidance —

**Mr McGlone:** I am sorry, you are maybe picking me up wrong. Say, for example, the contract is for two, three, four or five years for a project. This has come up here today already. What advice will the Department be giving to those organisations, firms or companies around the time base of that argument?

**Mr Lavery:** I mean, we could even get into forestry, where the contracts are for 10 years. Government is entering into a commitment. There will be guidance that will come out from the UK about how we are going to deal with those issues. At the minute, we are continuing to issue contracts and government will meet its obligations.

**Mr McGlone:** The best —

**The Chairperson (Ms Dillon):** OK, Patsy. We will try to come back to you.

**Mr McGlone:** Could you tell me —

**The Chairperson (Ms Dillon):** No, Patsy, we will try to come back to you. I am sorry. I have to be fair to other people.

**Mr Ford:** Thank you, Noel, for coming with a team representing the whole Department — all three key elements; that has been very valuable. In that context, you listed a number of people and their responsibilities. You did it fairly rapidly. It would be quite useful to have a piece of paper to —

**Mr Lavery:** Absolutely.

**Mr Ford:** I will not ask you for any more detail now.

**Mr Lavery:** Sorry, Mr Ford. I apologise that Norman Fulton is not here today. He is not available; he is on holiday.

**Mr Ford:** Everybody else in the Department is.

I have in front of me a briefing on what the vote to leave the EU means for Wales; for example, it highlights the effects on agriculture, fisheries and the environment. Is there anything similar in the Department for Northern Ireland? Specifically, given the conversation that we have just had on EU directives and how they relate to domestic law, is there any document that says what has been transposed into domestic law and what remains an EU directive?

**Mr Lavery:** I am not aware that we have such a document. We have now commissioned that work. Some of our legislation is EU directives; some is based directly on regulations, and, obviously, if you are outside the EU the regulation falls. We are doing an audit of all that to determine the implications right across the different areas of business.

**Mr Ford:** What might be the timescale to produce that?

**Mr Lavery:** We will produce it over the next couple of months.

**Mr David Small (Department of Agriculture, Environment and Rural Affairs):** It is a very significant piece of work.

**Mr Ford:** I appreciate that.

**Mr Lavery:** I know that you have already heard some evidence on that today. It is very significant right across the UK. No doubt, at some stage, we will talk about resourcing and staffing implications.

It will have very significant implications. You are quite right. Let us look at the legislative base and at what legislation will fall. Then we will get into what is to be done at a UK and a Northern Ireland level.

**Mr Irwin:** We are told that it will take two or three years or even longer to exit Europe. Do you anticipate that, in the meantime, agreements that are already in place with Europe on rural development and the basic farm payment will continue? Do you believe that existing agreements with Europe will naturally stay in place until we leave Europe?

**Mr Lavery:** Absolutely. I tried to make that point earlier, but maybe I was not clear.

**Mr Irwin:** What is the biggest challenge to your Department in all of this?

**Mr Lavery:** I have a couple of points. It is obviously a very significant challenge for us all. There are clearly administrative challenges in creating a lot of new policies. There are staffing implications. There will be new payment systems. That is internal to the Department. We are testing all our current and strategic plans against this. There are plenty of opportunities as we look at what is for the best of Northern Ireland. However, given that there are plenty of challenges, we need to be close to the industry, both processors and primary producers, as we work our way through this. At the end of the day, we are delivering public services; we are doing environmental regulation. There are external as well as internal challenges.

**Mr Swann:** Thanks, Noel. You said that you met the agrifood industry earlier in the week. The Ballybofey plant for processing poultry litter is now funded by the Northern Ireland Executive to the tune of £9.3 million. It will be sitting in an EU country when we are not in an EU country. What steps are being taken? Are you looking at the differential in funding and the transport of poultry waste across the EU border?

**Mr Lavery:** I have not done anything in particular about that. We will have to look at these cross-border trade waste issues.

**Mr Swann:** This is cross-border NI Executive investment.

**Mr Lavery:** Absolutely, I understand that. We have to look at all these issues. Invest NI will have some similar issues. There will be issues about cross-border trade. What I will say is that I have arranged to meet my counterpart in the South to go across the range of issues we are facing.

**Mr Swann:** Sorry, Chair, but I want to make a quick intervention. Surely it does not matter what your counterpart in the South says if Brussels says something different.

**Mr Lavery:** We need to work with our counterparts in the South to see what all the cross-border issues are and work our way through them.

**Mr Poots:** The grant scheme for the farming community, which we talked about quite a lot in the last term, still has not been rolled out. I assume that that is still on board. How will Brexit affect it? Is it liable for European funding?

**Mr Lavery:** As I indicated earlier, the funding for the farm business improvement scheme is purely national. I think that the Minister said in the House that she intends to make an announcement on that very soon. Brexit should not have implications directly for that scheme.

**Mr Poots:** OK. I asked the Ulster Farmers' Union this question. A lot of regulation imposed over the last number of years has had very limited or perhaps zero environmental benefit but has caused considerable hardship and difficulties. In the post-Brexit era, will the Department look at how it can ensure that our farms are as efficient as possible and reduce the need for a lot of the supervision that does not bring real added benefit to the environment?

**Mr Lavery:** I will bring David in, but before I do, I will give you an overarching answer on that, Mr Poots. As part of this, we will have to look at what is to the maximum benefit of Northern Ireland, the Northern Ireland farming community and the Northern Ireland environment. Let me give you this assurance: yes, we will absolutely do that. We have our obligations. Again, there will be issues that will be dealt with at a UK basis and those that will be dealt with at a Northern Ireland basis. A lot of

our legislation on the environment is EU-based. As the Minister said, she wants to grow the agrifood industry. If you look at the Programme for Government, you see that it states that we want to protect and improve the environment. I would say that that aim will be the same, and it will be taken forward — I take the tenor of your question — at a UK and Northern Ireland level. Obviously, however, there will be a link in to whatever is done elsewhere. David, do you have any other comments?

**Mr Small:** No. I agree that much of what we do is based on EU directive, regulation and legislation. Actually, a lot of the environmental programmes and some of the environmental regulation that we deliver is delivered because we believe that it is the right thing to do. Take, for example, the Larne oil spill in the last month or so: we will still want to have regulatory frameworks in place to try to avoid such situations. We will want to continue our work to reduce and prevent, if we can, environmental crime. We will still consider that to be an important area of work and will want to continue doing that. We will want to, as far as possible, prevent pollution incidents, where we can. In a situation where we have more freedom to decide our environmental policy and the focus of our approach, there are still things that we feel it will be appropriate to deliver. In doing that — to answer your question, Edwin — we want to ensure that the regulation and programmes that we put in place are proportionate and appropriate.

**Mr McMullan:** Thanks for your presentation. The EU, in the main, regulated imports of cheap beef to here. How are we going to take that forward when we are out of Europe and have to find other markets? How are we going to regulate cheap meat and produce coming into the country and protect farmers? With such a disparity in the single farm payment going into the flat rate, if we are going into negotiations with the English Government to get the best deal for our farmers, have we got a baseline that we will not accept anything lower than? We must have that going in. Have we thought of that yet?

**Mr Lavery:** Robert can deal with the first question, and I will come back on the second.

**Mr Robert Huey (Department of Agriculture, Environment and Rural Affairs):** Currently, Europe ensures that when third countries, such as Brazil, send product into Northern Ireland, it maintains EU standards. The EU sends out audit groups to assure all of Europe that that country is maintaining the standards that are required by an EU farmer and an EU processor. They do an end-to-end audit of a beef production system in Brazil to reassure the Commission that Brazil, for example, is meeting its obligations. The simple answer is that, if we are outside Europe, the UK would have to do those checks itself. A bilateral agreement would be in place between a third country and the UK, and the UK would then, under WTO rules, have to carry out those audits itself.

**Mr McMullan:** We would not have a say in what comes in here. Britain would decide what comes in during its negotiations.

**Mr Huey:** The negotiation will be on a UK basis, and, under WTO rules, the UK will set the import standards. That will be the subject of a negotiation.

**Mr Lavery:** You are quite right: we did very well on payments. That will all be part of the negotiation. My Minister has already made that clear. The First Minister said that we will ensure that our interests are protected and advanced. That will all be part of a negotiation. You are quite right: we currently get 9% — somebody tell me if I am wrong — whereas a Barnett consequential, I think, would be 3%.

**Mr McMullan:** I am raising that because, if we get the negotiations — if we get peace to talk — to look at the new formula, we have to take into consideration the hill farmer and the lowland farmer. If we go in under production, the hill farmer will be at a distinct disadvantage if we do not make that disparity very clear at the start. The hill man has to be treated equally with the lowland farmer. There cannot be any difference during the negotiation.

**Mr Lavery:** You are taking me deep into policy there, Mr McMullan. Before we even get there, there is a mid-term review of CAP that could make whatever changes are made in the EU. We will then look at whatever is best, as the Minister said, for Northern Ireland agriculture. That will be her negotiating position. We want to design the policies and processes that will deliver the best for Northern Ireland agriculture — I want to keep emphasising that — in this new environment. I understand your point about special circumstances. A lot of circumstances in Northern Ireland are quite different from those in other parts of the UK. I absolutely accept that, but the Minister's point is to get the best deal for Northern Ireland.

**The Chairperson (Ms Dillon):** I will go back to what is best for here. The Minister made a statement this week on free trade, North and South, and I accept that it is not totally free trade as it stands at the minute. In reality, what is the probability of that in terms of an EU border?

**Mr Huey:** The future is an unknown place, Chair. We know the importance of trade into the EU. I have figures here: 22% of Northern Ireland food and drink goes to the ROI and 15% goes to the rest of the EU. We are most concerned about the North/South trade across the border. Nearly every commodity that you think of has significant North/South trade. In sectors such as the mushroom industry, a lot of the compost is made in the North and a lot of the mushroom production is in the South. That is before you get to a level wherein a third to a half of the pigs that are slaughtered in Northern Ireland come from the South and about half the lambs from here go down South to be slaughtered. There is a lot of movement back and forward of primary product, never mind products, and, of course, 20% or so of the milk from here goes to the South. It is a very big issue.

The agreement will no doubt end up being a compromise, and the amount of free trade that will remain is, as I say, entirely unknown. It depends on where we come in the negotiations. When you talk about trade, agriculture is only one sector. It is a very important one in Northern Ireland, but it is only one sector. It will be a UK negotiation, and a lot of our concentration will have to be in trying to work it out and ensuring that agriculture gets its say in the overall negotiation.

It has to be said that if you look at the precedents that have been set, agriculture has generally fared badly in free trade agreements. Norway is part of the EEA but agriculture is excluded. In a lot of world trade agreements, agriculture is seen as a very difficult issue, and it will be a very difficult issue in this negotiation.

I am laying out the challenges. That does not mean that we cannot come out of it with an arrangement that is beneficial to agriculture on this island, particularly in the North. It is all to be played for, and it will be two or two and half years at least before we see where we are going. The important and reassuring thing that we must keep in mind is that the agreements that we have in place at the moment will stand until the treaty falls. That is important to maintain confidence in the markets that we have out there. Both in the interests of the agreements that we have, for those agreements that might be close to being made and those agreements that companies are thinking of entering into, we cannot stand still. We cannot have a hiatus. Trade must continue up until then. I repeat that the arrangements that we have, the treaties we have and the agreements we have with third countries and the EU all remain until the treaty falls.

**The Chairperson (Ms Dillon):** Just a quick question: has the Minister met her counterpart in Leinster House?

**Mr Lavery:** There is a North/South Ministerial Council (NSMC) meeting on Monday.

**The Chairperson (Ms Dillon):** She will meet on the edges of that. Apologies for that.

**Mr Anderson:** Thank you, gentlemen. You touched on the point that you have had meetings with DEFRA.

**Mr Lavery:** We have been in contact with DEFRA.

**Mr Anderson:** What level of engagement would you hope to have with DEFRA, and how intense will that be going into the future? We have talked about a lot of issues this morning, but what are your key priorities as we move towards the exit over, say, the next two, three or four years?

**Mr Lavery:** There are a couple of things. The First Minister and the deputy First Minister have spoken to the Prime Minister to make sure that Northern Ireland is properly represented, and the Civil Service in Whitehall is putting mechanisms in place to ensure that we are. DEFRA is in the lead in our area, and I will make it clear to my counterpart that we want to be fed into that.

There are various elements. Robert already has a very close working relationship with the chief veterinary officer (CVO) on trade. In Norman Fulton's area, we also have a very close working relationship on CAP, and David's side will engage on the environment. I do not want you to think that we are starting from a position of never having spoken to those people. We have a close working

relationship. If you get involved in EU Councils you work through that with colleagues on the agriculture side.

Trade is obviously a massive priority. What is everything in the news about at the minute? It is trade. Other priorities are the support regime and the funding of agriculture and agricultural support. We also have priorities on policies on environmental protection and fisheries. In direct answer to your question, those are the issues as I go across the piece.

**Mr Anderson:** It will be very much key to engage with DEFRA and others —

**Mr Lavery:** Yes, absolutely.

**Mr Anderson:** — to ensure that we are in there and get what we need.

**Mr Lavery:** Absolutely. That is what the Minister said.

**Mr Small:** You asked whether the engagement will be intense. It is likely to be very intense.

**The Chairperson (Ms Dillon):** When the representatives of the Rural Community Network (RCN), the RDP and the NI Rural Women's Network (NIRWN) presented to us, they said that one of their priorities of the negotiations would be a rural policy. Is that a priority for the Department going into negotiations?

**Mr Lavery:** We are the Department of Agriculture, Environment and Rural Affairs. I do not mean to be facetious, but absolutely, yes. The Minister has said that those are her priorities, so yes.

We need to look at how we will fund all our programmes going forward. If you look at our business plan — we are already working through our strategic plan — all elements of agriculture, environment and rural affairs are there and are tested. While it is a massive issue for us, it is best for Northern Ireland that those policies continue. So, yes.

**Mr McKee:** You referred to trade and, with the Brexit, we will be reaching out even further to countries outside the EU. I am coming from the pigs end of it. The question was asked by a Committee member, but I want to ask it again because I still cannot get an answer. There is a market out there for what is known as the fifth quarter — that is the ears, the hooves and those waste products — which are being incinerated at the minute at cost and at a cost to the environment, yet China will pay £5 per pig. There are 21,000 pigs slaughtered in Northern Ireland each week, and £5 could be paid to the farmer for every one of those pigs plus an additional £5 to the processor. That works out at about £250,000 a week that we are not getting as Northern Ireland plc. To be fair, the Chinese consulate or whatever is looking into it, but nothing has been done, and I think that we are missing a golden opportunity. England, Scotland and Wales are doing it. We are not doing it. The Chinese have now jumped to some of the other European countries to supply them with that. They are obviously looking for the product, and we are sitting on our hands.

**Mr Huey:** The first thing that I have to do is to correct any thought that we are sitting on our hands. China as a market is our front-and-centre priority. The number of visits by Executive Ministers and my staff to China in the last 18 months to two years run into double figures. Contact is made with China almost on a weekly basis.

China illustrates very graphically the difficulty in trading with third countries. Someone from the US once said to me that no one has the right to export products into their country and that they would make it as difficult for us as possible. That is almost the way to think about it. If you turn it round, how easy do we make it for imports from other third countries? Not very easy might be the answer. It is a dog-eat-dog world out there.

The difficulty with agricultural products or products of agricultural origin is that, as well as a normal trade deal that might be done to sell tractors, machinery or even aircraft, there is a second layer after the trade deal has been done by the politicians. That deals with standards and what are called sanitary rules. That is where the veterinary departments talk to each other. That is what the long negotiations are about. The average trade deal takes somewhere between two and 10 years. I understand the frustration, Harold, but I am trying to put some reality into it.

**Mr McKee:** I cannot get my head around why England, Scotland and Wales can do it, but we are not doing it. Why are we so different?

**Mr Huey:** Their industries asked earlier and got the deal done. We have country approval as the rest of the UK has. The problem is with the particular product — pigs' feet, trotters. We did not get specific approval at the same time as they did, mainly because we did not ask for it to be included in those inspections, and we are now on the back foot. So, we have gone a long way through the process. We have the confidence of both government organisations in China that deal with it. We have had the inward inspection. We have corrected deficiencies that were found. We have gone back to China with those, and we are now waiting for the very last bit, which is for them to give us the final OK. It is literally sitting on someone's desk somewhere.

Trade is very complicated. It is a mixture of politics, science and relationships. We have done everything that can be done here. We have all the right people talking to the right people. We have a bureau in Beijing, which is working on it. There is a man on the spot, working on the issue. So, I am trying to provide reassurance that all is being done on the issue that can possibly be done, Harold. But that does not prevent the frustration of the farmer or the processors who just want to get there.

**The Chairperson (Ms Dillon):** Thank you, Robert. I know that the Department put a lot of work into that in the last mandate.

**Ms Archibald:** My question is around R&D. It is highly dependent on EU funding. I presume that a priority going forward will be looking at where we might replace that funding from. I am not sure if you know the answer to this, but I presume that we are still able to take part in Horizon 2020 as partners but maybe not lead on projects after we leave.

**Mr Lavery:** I am not fully on top of what the situation will be when we leave. At the minute, we are involved in Horizon 2020 projects. The Agri-Food and Biosciences Institute (AFBI) is in a Horizon 2020 project. Certain countries that are not in the EU can benefit from Horizon 2020 projects. I think that is where your question is coming from. I do not think that you can be a lead partner, but maybe it would be better if I come back to you with the facts on that. Our access to any funding regimes will be part of a negotiation. It is an issue for us, yes.

**The Chairperson (Ms Dillon):** Going back to the stuff around exports and exporting to China and everywhere else, that is all extremely important, but do you agree that a priority is North/South relationships? We are all on this one island. That is a massive priority for us. We need to focus on a post-Brexit plan for North and South, for Ireland as a whole.

**Mr Lavery:** In answer to Mr Anderson's question, I referenced trade, but you are absolutely right. If you had industry representatives in here, they would say that cross-border trade is absolutely vital for us. It is a priority. I should have said that as an element of what I said to Mr Anderson.

**The Chairperson (Ms Dillon):** That is fine.

**Mr McGlone:** I just want to capture and distil or clarify in my mind the audit that you are carrying out. From what I have heard you saying, it will capture three elements. I might be wrong on this, but there are the financial support implications, which range from R&D, which Caoimhe referred to, which is across Departments, arm's-length bodies and the likes. In other words, what would be absent from the EU that we are presently getting? There are the trade and business implications, if I am picking that up right, and then there are the wider legislative and policy implications. Is it fair enough to distil those into those three broad headings, or is there something else that I am missing?

**Mr Lavery:** There are lots of implications. Louise, I will bring you in to look across the piece in a second. There is trade, money and legislation. As I said earlier, the question is, what impact would this have against all our current plans? So, there is that element to it. There will be staffing implications and skills that we want as well. So, it goes right across the Department. Louise, do you want to come in on that?

**Ms Louise Warde Hunter (Department of Agriculture, Environment and Rural Affairs):** I was simply going to confirm that those are three of the core strands that we have initiated analysis of. Coming back to Mr Ford's question, we will draw that analysis together over the next month or two.

**Mr McGlone:** Will that audit be available for our September meeting?

**Mr Lavery:** We will be doing internal work, and I would have thought that you would be calling us back anyway to find out where we have got to.

**Mr McGlone:** There is the issue of the mechanisms that you establish to work with the Westminster Government and, particularly, with the Irish Government, because we have already heard of the trade implications. I reckon that there needs to be at least one friendly face in Brussels, who can be approached and keep abreast of everything. Clearly, there is a commonality of interest there, too. That is paramount as well.

**Mr Lavery:** I agree, and I am already arranging to meet my counterpart. The Minister, as I said, is meeting her counterpart on the NSMC. Obviously, the Executive will look at what its own representation will be in Brussels. The UK will continue to have permanent representation of some sort in Brussels, I would have thought, and we need to consider our own, but that is further down the line.

**Mr McGlone:** What do you mean by that?

**Mr Lavery:** We will still be trading with the EU, so we will need to think about the implications. The Executive already have an office in Brussels. We just need to think how we work our way through that. Andrew McCormick and I lead a group looking at how we deal with our current European priorities, and no doubt that will come up as part of that.

**Mr Irwin:** Robert had some concerns about exports to the Irish Republic. Given that the Irish Republic exports a massive amount of its agrifood produce to mainland Britain, it would be crazy for the Irish Republic to want tariffs. I know that it would not; but if the EU imposed tariffs, that would help Northern Ireland by making it easier for us to sell our product in the British market.

**Mr Huey:** For some commodities, that would not be enough. Yes, there are opportunities, and we have to look at them; but really an awful lot of this is crystal-ball gazing. We just do not know, and the last thing we want to do is scare any markets by thinking too far ahead without the facts. Yes, it might be, but it is difficult to see how agriculture would continue as we know it on this island without some degree of movement of products back and forth, whether that is totally free, as it is at the moment, or with tariffs.

Of course, tariffs alter the market, and, obviously, those paying tariffs are at a disadvantage compared with those who are not and are trying to go into the UK market, say. There will be swings and roundabouts, and that is why, as soon as the direction of negotiations starts to emerge, we need those structures and arrangements with London, which is leading the negotiations, to ensure that Northern Ireland's unique position is heard. Of course, our highest priority in our EU position is the land border with another member state.

**Mr Irwin:** I was speaking to an auctioneer a couple of hours ago, and, interestingly, he said that Brexit has not created any problem for lamb prices. They are up over the last week to 10 days — 40p a kilo — and they are all exported, or mainly exported, to the Republic.

**Mr Huey:** It certainly puts a base on the market.

**The Chairperson (Ms Dillon):** That is all very well, but it is still vital that we deal with the Republic. We need to have a good relationship. At the end of the day, whatever the negotiations between the UK Government and Europe, we need to be sure that the Irish Republic protects our interests as well, looks at this as an island and thinks with us at the fore, because we want to be seen to be as valuable to it as Europe. We have to remember that it is still going to be in Europe, and that will create its own difficulties.

**Mr Irwin:** I hope you do not think I said anything different.

**The Chairperson (Ms Dillon):** No, I do not. I am just making the point again.

**Mr Irwin:** It is more important for the Irish Republic to be friendly with us than for us to be friendly with them. It is vital for them too.

**Mr McGlone:** Let's be friendly all round, then. *[Laughter.]*

**Mr Irwin:** Absolutely. That is the way we are.

**Mr McMullan:** One thing that needs to be emphasised in any negotiations is that 95% or more of farms here are owned, but over 90% of the farms in England, Scotland and Wales are run by tenant farmers. They are not owned, and that is a massive difference. We are exporting from an island, and that has to be taken into consideration. We are talking about being on the periphery, with a land border with a European country. We are an island, and that must be put up there in these negotiations. Looking at what we have seen coming out of Westminster so far, and considering they are a Government that have cut money to farmers twice, once in Westminster and once in Europe, if we are relying on them to negotiate on our behalf, we have to be putting up a full basket of what we have here.

**Mr Lavery:** All I can do is reiterate, Mr McMullan, that the Minister of Agriculture, Environment and Rural Affairs is very conscious of that and wants to get the best deal for Northern Ireland. She is very conscious, as you rightly said, of the importance of exports, hence the emphasis on trade, particularly for us here. So, I absolutely agree.

Chair, I should have said that I had a few closing remarks that I wanted to make. Very quick. I was not trying to get to them now, but just when you are thinking of time.

**The Chairperson (Ms Dillon):** Before you do, and you alluded to it anyway, the Committee will definitely want regular updates. Obviously, this is going to be a massive issue. I accept that there are uncertainties for all groups, and they do not know what is happening at the minute. There is also uncertainty for the Department.

We do want regular updates. I did look at the possibility of having a special Committee during recess. I do not see the value in that unless you have something to tell us. I do not want to be bringing people here unless there is value in that. However, if at any point during recess we do think there needs to be a discussion, if anything comes up or things move more quickly than anticipated, we will look at that again and probably would go for a meeting. I just want to make you aware of that.

**Mr Lavery:** Chair, I was not trying to interrupt questions.

**The Chairperson (Ms Dillon):** No, you are OK.

**Mr Lavery:** There are just a few things that I want to emphasise again. We remain committed to our financial plans and the implementation of CAP, continuing to roll out the RDP and deliver payments. We need to execute, authorise and account for those payments, apply regulations and continue our business. There may be issues that arise at a national level that would have implications for the future of our EU funding and programmes. We will make the Committee aware of those if they do arise.

We were here to talk to the Committee just a couple of weeks ago. The Executive continue to have a Programme for Government. David, only yesterday, was working on that with a cross-departmental team. The Department continues to have a business plan and strategic plans. The Minister will set her priorities out in those. I certainly do not want to get ahead of the Minister, but I just want to emphasise a point that you made, which is that we will continue to work with local government. It is not that things are stopping. We are continuing to do our business. This is a massive issue and I do not deny that, but we continue to do our business. This will have major implications for the Department and its business, its legislation and how it operates. We are very conscious of that, and we will keep the Committee updated.

**The Chairperson (Ms Dillon):** Thank you very much.