



Northern Ireland
Assembly

Windsor Framework Democratic Scrutiny
Committee

OFFICIAL REPORT (Hansard)

Regulation (EU) 2023/2419 - Published New EU Act
on the Labelling of Organic Pet Food:
Department of Agriculture, Environment
and Rural Affairs

11 April 2024

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Members present for all or part of the proceedings:

Mr Philip McGuigan (Chairperson)
Mr David Brooks (Deputy Chairperson)
Dr Steve Aiken
Mr Patrick Brown
Mr Jonathan Buckley
Ms Joanne Bunting
Mr Declan Kearney

Witnesses:

Mr Brian Ervine Department of Agriculture, Environment and Rural Affairs
Ms Leanne McGrath Department of Agriculture, Environment and Rural Affairs

The Chairperson (Mr McGuigan): I welcome Brian Ervine, head of environmental farming branch, Department of Agriculture, Environment and Rural Affairs (DAERA), and Leanne McGrath, deputy principal in the environmental farming branch. They will brief the Committee on the proposed new European Union act.

Mr Brian Ervine (Department of Agriculture, Environment and Rural Affairs): Good morning, and thank you. I will start by giving you a short background of organic production, and then I will look at the effect that the regulation will have and give you an assessment of the impact that it will have here on local producers.

Organic production is quite highly regulated at EU level for the standards that are required. There is a lot of detailed legislation and a significant number of EU implementing and delegating acts that map out all the exacting standards for organic producers. It is fair to say that it is a complex area. When we look at what is required for organic production and farming, we see that the basics of organic production are that there should be no inputs of manufactured synthetic fertilisers and no use of pesticides. There are higher housing standards in animal welfare, with more space for livestock. Those are the basics. There are more exacting standards that are different from those for conventional farming methods, and that brings challenges. In terms of certification and regulation, in order to produce to certified organic standards, producers have to be registered with an organic certification body and will be subject to an annual audit of their processes. That is the background. It is regulated so highly in order to make sure that, when products are marketed as "EU organic" and bear an "EU organic" logo, they have been through a fairly exacting process to verify that they have been produced to those EU standards.

We have upwards of 150 producers and processors here from farmers to people who produce and process niche products. The biggest organic sectors are eggs and poultry, probably followed by beef. Northern Ireland farmers are significant producers of organic eggs for the UK market, supplying GB supermarkets and things.

Organic policy is formulated at UK level. We have input through a common framework, but the competent authority for organics for the whole of the UK, including Northern Ireland, is the Department for Environment, Food and Rural Affairs (DEFRA). DAERA is not the competent authority, but we work closely with DEFRA, the other UK Administrations and the UK certification bodies.

In terms of divergence or the potential for divergence, under the Windsor framework, the EU organic standards apply. The old, let us say, organic standards in Great Britain are part of retained EU law, so there is potential for divergence. The previous organic standard was 834/2007. It has been superseded by a new EU regulation, 2018/848, which applies in Northern Ireland as it does in the EU, while the retained EU position applies in GB. That means that there is potential for divergence over time. At UK level and for GB, a review of organic regulation is under way, and one of the reasons for that is the intention to minimise divergence.

That is the general background to organic. This EU legislation is about a specific area of organic: pet food. It is about bringing in a bit of flexibility on the amount of organic ingredients that is required for something to be certified as "EU organic". Instead of that being 100%, as it currently is, the implementing legislation gives flexibility to make it 95%. That brings it into line with organic food. One of the reasons for that is recognition of the practicalities, because sometimes it is not possible to get all the ingredients to be organic. It really brings in a bit of flexibility.

The position in GB is that the 95% standard already exists. That was set under the old EU regulation, which enabled countries to set their level according to national legislation, so the minimum of 95% organic ingredients applies in GB at present. The EU act will bring that 95% requirement into the EU and, if it is adopted here, into Northern Ireland. Sometimes things create divergence, but this would create alignment. That is what this would do. There appear to be no downsides to this; in fact, it would make sure that, if there were producers of organic pet food in Northern Ireland, the implementation of the act would align the position with GB and with the position in the rest of the EU. I will move on to assessing the impact here. There are a number of pet food producers in Northern Ireland. There has been engagement with them and some liaison on the regulation by DEFRA and us. We have had a clear no from one producer in that they have no interest in producing organic products. Two others have not confirmed otherwise, but they have not objected to any of the proposals that have been put forward, and the products that they produce would not qualify as organic anyway.

The other supplier — this is interesting — is quite a large operation and a major pet food supplier. They have indicated to us that, while they do not currently produce organic pet food, they are actively exploring producing a line of organic pet food and are doing trials. While there are no organic pet food producers in Northern Ireland at the minute, one company is seriously looking at doing that. Therefore, if the act were to apply in Northern Ireland, it would be helpful to that producer because it would align with GB and with the EU. That company produces for GB and the EU and across the world. It exports to 16 or 17 countries worldwide, so, if the act were not introduced, it would be disadvantageous to that company because it would be required to produce 100% organic ingredients while competitors in GB or elsewhere would be required to produce at 95%.

That is a summary; hopefully, it was not too detailed. There is a lot more detail on the organic elements, so, hopefully, I conveyed the main points.

The Chairperson (Mr McGuigan): Thank you very much, Brian. Your last point leads me into my first question, because, in your assessment, you are saying that, if the act were applied, it would introduce flexibility by bringing the EU regulatory framework in line with the rules that apply in Britain and would create a common standard. Your paper also says that the sector here:

"benefits significantly from EU market access and there is therefore a strong case to ensure that single labels and production standards can be maintained."

You did not mention in your assessment any impact if it were not applied here, but you kind of alluded to it at the very end. Am I right in making the assumption that, if it were not applied, it would reduce flexibility by creating a different common production standard here and the sector might not be able to benefit as significantly from EU market access as it would if standards were maintained?

Mr Ervine: Yes, partly. If the sector here wanted to produce to EU organic standards and the act were not introduced, the sector would have to use 100% organic ingredients. If it were introduced, the sector would have the flexibility to use 95% organic ingredients. That is key, because getting that extra 5% would create a lot of difficulties. It would mean that producers here would have to operate at 100% organic ingredients, while, elsewhere in the EU, the organic ingredients would be at 95%. It would be disadvantageous.

The Chairperson (Mr McGuigan): Secondly, you said that DEFRA is the body that oversees all this. Can I clarify that DEFRA has done its own consultation here and in other jurisdictions, and no concerns have been raised about cost or any other matters?

Mr Ervine: None. DEFRA consulted UK Pet Food, which is the UK pet food body, as well as individual companies, so no. It is unusual to get something that seems to be —.

Mr Brown: Non-contentious.

Mr Ervine: Yes, non-contentious and with no downsides.

The Chairperson (Mr McGuigan): Time will tell.

Mr Brown: Thank you, Brian, for the presentation. I just want to confirm this: are you saying that there are no organic producers in Northern Ireland? I ask because the tabled paper says:

"there are very few relevant pet food producers, with most organic pet food sold in NI moved from GB".

Mr Ervine: Let me just clarify that. Since that paper was drafted, we have checked with the UK certification bodies. Leanne was at a meeting on that recently, and they confirmed that there are no pet food manufacturers in Northern Ireland registered as organic. That falls in line with our engagement with them. As I said, one company is actively exploring it.

Mr Brown: That is notwithstanding those who may enter the market, which the act may help them to do. I spoke to a couple of producers in my constituency, and they said that did not know of any who marketed as organic. Would the measure help GB producers to sell into Northern Ireland as well as Northern Ireland producers of organic to potentially sell into GB?

Mr Ervine: Yes. It would certainly mean that there would be a common standard. Currently, GB has that 95% as it is.

Mr Brown: Great. That is notwithstanding that GB could diverge, but all the indications are that it will not.

Mr Ervine: What comes across from GB is that people want to produce to that standard so that it gives them the ability to trade with the EU.

Mr Brown: Just to confirm something, you mentioned that DEFRA is the competent authority here. Would it be possible for DAERA to set its own regulations in this area? It has been mentioned to me, so I just want to ground that out.

Mr Ervine: I will let Leanne comment on that. Yes, technically, it would, but we do not have the competent authority role at the minute. Probably, from the point of view of efficiency and use of resources, it is better that it is handled centrally because you get less chance of divergence. Through that UK liaison common framework, there is a good opportunity, if there are issues of divergence, to work through them and avoid them.

Ms Leanne McGrath (Department of Agriculture, Environment and Rural Affairs): The ultimate decision-making lies with DEFRA, but we can contact it to raise issues of concern and ask for things to be considered and implemented if they are to the benefit of Northern Ireland. That is why we have that close engagement and liaison with DEFRA.

Mr Ervine: Certainly, companies here that produce to organic standards have lines through to DEFRA and influence there. In a way, it is good that Northern Ireland is considered in the development of policy there and it is not forgotten about or whatever. Those issues of divergence can be highlighted and could be taken account of in developing UK policy too. If there were something that could diverge and Northern Ireland were taken into consideration, that could avoid divergence. I indicated that, in the egg sector, Northern Ireland producers are an important supplier in the UK organic egg sector.

Mr Brown: Yes. Thank you.

Mr Buckley: Apologies, Chair, for being late. I was at another meeting, and I missed the start of the presentation.

I have two points. You talked about the GB review of organic. Is that likely to flag up any differential? Is there cause for concern there? We have talked a lot about how there will be much commonality in GB/NI and, indeed, with Europe if the standard is the 95%. Is there any concern that, when it comes, the review will show something different?

Mr Ervine: I cannot prejudge what might come out of the review, but there certainly is an intention to minimise divergence. That is our strong view, feeding into that review.

Mr Buckley: I was just coming on to that point. Has that been flagged as part of the review? Is there serious engagement with DEFRA, and is it alive to that in the current review period?

Mr Ervine: I would say so. I will let Leanne comment further, because she deals regularly with such matters at UK level.

Ms McGrath: DAERA is involved and included in the negotiations, debates and discussions about the GB review and how it is being taken forward.

Mr Buckley: This is my second point. There are potential future suppliers of organic pet food in Northern Ireland, which is encouraging to hear. Obviously, the main focus is on that GB supply line into Northern Ireland. Whilst we have commonality with potential ingredients at 95%, we will have a differential on labelling. How much of a concern is that for GB suppliers into Northern Ireland, and are there active conversations about how it can be worked around? Obviously, it comes down to the EU organic labelling issue. Will GB businesses still be able to supply here with the different labelling? Are there potential cost implications for future Northern Ireland firms that want to enter this space, and are there market restrictions for those in GB who are trying to access it with different labelling?

Mr Ervine: The answer is generally no, because there is a thing called "equivalence" in organic standards, and the standards in GB that operate under the older EU organic standard that is retained in UK law are recognised as equivalent. There is equivalence in standards. Leanne, do you have anything to add?

Ms McGrath: It is mentioned in the explanatory memorandum (EM) and in our submission that there is the potential for the regulation, if needed, to fall under the scope of the Northern Ireland retail movement scheme. My understanding is that, in theory, that would potentially disapply that labelling requirement for GB goods moving in, so there would be no cost.

Mr Buckley: There is potential for that: where is that noted?

Ms McGrath: It is noted in the EM that there would have to be discussion with the EU on whether the regulation, if added to annex 2, could also fall under the sanitary and phytosanitary (SPS) regulation, but I am not 100% sure what the status of that is.

Mr Buckley: That is certainly for future note. Thank you.

The Chairperson (Mr McGuigan): I have nobody else indicating. I thank Brian and Leanne for coming along, giving us the presentation and taking our questions. It has been useful.